GREENE KING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

REGISTERED NUMBER: 00024511

COMPANY INFORMATION

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GREENE KING LIMITED

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STRATEGIC REPORT

A YEAR OF CONTINUED INVESTMENT AND STRATEGIC PROGRESS IN BUILDING A STRONGER GREENE KING

Financial highlights

- Delivered a robust financial performance and industry-leading investment programme amidst the challenging economic backdrop
  - Performance was driven by strategic delivery and business transformation, key to which has been the strengthening of major brands
  - Focus continued on driving operational efficiency to support investment plans
  - Prevailing inflationary environment continued to put pressure on consumer confidence
  - Strong festive and New Year trading despite wet weather towards the end of the year
  - The Coronation, Women's World Cup, and Men's Rugby World Cup all drove event-led demand
  - Delivered growth in Premium Beer volumes and increased value share in the traditional ale market
- Group revenue increased 9% and above pre-Covid levels to £2,375m (prior period: £2,176m) with revenue growth across all four divisions
- Adjusted operating profit of £186.1m (prior period: £192.6m) was delivered with continued pressure on profitability as a result of the rising cost of inflation and global macroeconomic headwinds
- Statutory operating profit of £167.2m (prior period: £249.2m) with the prior year benefitting from adjusting items
- Capex of £215.0m (prior period: £208.1m) reflecting a period of continued investment across the business
- The group continued to be cash generative from operating activities, with free cash flow of £9.6m in the year (prior period: £13.1m) after significant investment
- Capital structure of the group remains robust with strength and flexibility of the balance sheet maintained

Operational highlights

- Achieved significant progress against all the group's strategy drivers during the period towards our goal of being **The Pride of British Hospitality**
- Significant improvements to **customer** experience
  - Delivered a further increase in customer reputation scores of 19 pts
  - Invested £150m into pub estate to enhance quality of assets, improving service whilst maintaining value for money
  - Moved 27 pubs to new trading formats to better serve customer communities
  - Pub Network of The Future project, to deliver best in class Wi-Fi completed across 95% of managed estate
  - Bolstered digital infrastructure including new pub websites and bookings technology to better understand and communicate with our customers
- Continue to develop balanced **brand** portfolio with roll-out of and investment in existing brands, whilst innovating through introduction of new concepts
  - Laid foundations for **Greene King pubs** with clear ambition to be 'Nations Most Loved Pub Brand'
  - Announced trial of two exciting new concepts: **Seared** and **Everly Hotels Collection**
  - Progressed overall hospitality strategy, raising operational standards on accommodation, with over 50% of **Chef & Brewer** rooms invested
  - Added Cart & Horses, Winchester and Prince of Wales, Esher to premium **Crafted Pubs** brand, bringing this format up to six sites in total
  - Having invested in **Hickory's** in 2022, opened four new sites in 2023 which are all trading above expectations
  - Significantly increased **Hive** franchise sites from 28 to 45 with strong returns on investment
  - **Pub Partners** continued robust performance with 932 quality leased and tenanted pubs that continue to generate significant and stable cashflow
  - In **Brewing**, continued development to rebalance beer portfolio to increase presence of modern beer styles, with growth in Flint Eye and Level Head
- Increased focus on our 40,000 **people**
  - Team engagement score improved from 84% to 87% reflecting improving culture
  - Team turnover reduced to 66%, down 12 ppts over the course of the year
  - Launched Smart Recruiters, a leading recruitment platform, into our business to significantly enhance our talent attraction and onboarding experience while also increasing efficiency for our teams.
  - In 2022 we committed to supporting an additional 5,000 apprenticeships by end of 2025. To date we have supported 2,275 since 2022 and a total of 17,200 apprenticeships since launching our apprentice programme in 2011
  - We have continued our journey towards 'Everyday Inclusion', including the continued upskilling of our teams to enable their own inclusion journeys. Our reverse mentoring programme continued in 2023, as did our leading inclusively programme for managers within our business.
  - Launched new code of conduct and supporting policies, including gender identity, flexible working and menopause policies and codifying our commitment to improving our team's experience

Environment and Social

- Ongoing delivery against ambitious sustainability plans and 2040 net-zero target
  - £7m investment into decarbonising our properties
  - Launched trials for alternative pub heating technology and solar panels
  - Continued EV charging station roll out, with 648 chargers now installed
  - Rolling out voltage optimisation equipment to 600 of our managed pubs (308 completed at year end), which will deliver reductions in electricity usage of over 14 gigawatt-hours (2023 impact: 1.7 gigawatt-hours)
  - Launched Greene King Engage, our supplier engagement platform, which enables a two-way conversation about environment and social matters to support our net-zero ambitions
  - In our Brewing operation, installed new centrifuges in Bury St Edmunds brewery that are more energy and water efficient
- Whilst good progress has been made on landing environmental initiatives, delivery of our long-term commitments will require significant changes to our supply chain and some change in customer behaviour
- Raised £3.8m for Macmillan Cancer Support in 2023 taking total to £17.8m since partnership began
- Continuation of Releasing Potential programme, now supporting total of 222 prison leavers since programme started in 2019
- First operator to launch a national Best Bar None scheme, with 1,498 pubs achieving accreditation. This scheme supports our commitment to safety, responsible alcohol retailing and customer service

Looking ahead

- Remain confident about the future and building a business that will delight our customers for generations to come
- Continue to see the benefits of industry leading investment in transformation across our brands and culture, with major investment programmes driving sustainable returns
- Launching our new digital app platform in 2024 to increase customer engagement with our brands
- Another step up in investment towards decarbonising our pub estate and making it easier for customer to make more sustainable choices
- Further focus on driving operational excellence to make it easy for our teams to consistently deliver outstanding experiences for every customer through every interaction in an efficient way
- We remain mindful of the significant cost pressures impacting both consumers and our business and we expect the tough environment to persist through the year

Nick Mackenzie, Greene King Chief Executive Officer, said:

"We are building a stronger more sustainable Greene King that is fit for the future, and during 2023 we drove that business transformation through our industry-leading investment programme. There is evidence that this is delivering, as we achieved a robust financial performance alongside significant strategic progress. This was despite the prevailing macroeconomic challenges that influenced much of the year, and whilst we delivered an improved revenue performance reaching above pre-Covid 19 levels, our profitability was impacted by the heightened cost of doing business.

This is an ambitious business investing for the long term to build a balanced portfolio, innovating across new concepts, digitisation and the evolution of existing brands. But, at our core, we are about delighting our customers, and this wouldn't be possible without our 40,000 team members, and our pub partners, all of whom help us play a meaningful role in the communities in which we continue to serve. While we expect the tough backdrop to continue in 2024, our team is confident and excited about the future of this business and industry in which we operate."

PERFORMANCE SUMMARY

	FY23 52 weeks Ended 31/12/23			FY22 52 weeks Ended 01/01/23		
	Revenue £m	Adjusted operating profit/(loss)[1] £m	Statutory operating profit/(loss) £m	Revenue £m Restated[2]	Adjusted operating profit/(loss)[1] £m Restated[2]	Statutory operating profit/(loss) Profit £m Restated[2]
Greene King pubs	938.4	121.7	132.5	855.9	111.8	131.9
Destination Brands	787.4	47.5	51.8	770.5	51.9	66.5
Partnerships & Ventures	420.9	78.3	45.3	341.7	89.8	113.3
Brewing & Brands	228.7	21.3	21.0	208.3	20.6	26.3
Corporate	-	(82.7)	(83.4)	-	(81.5)	(88.8)
Group Total	**2,375.4**	**186.1**	**167.2**	**2,176.4**	**192.6**	**249.2**

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106.
2. 2022 has been restated to reflect the new reporting segments, see note 2 for further details.

The presented performance covers the 52 weeks to 31 December 2023 and is compared to the previously reported and audited, 52 weeks ended 1 January 2023.

Greene King is one of the country's leading pub and brewing companies with c.2,600 pubs, restaurants and hotels across England, Wales and Scotland.

A key feature of this year has been the development of our balanced portfolio of brands across the business. A new divisional structure was implemented from February 2023: Greene King pubs, Destination Brands, Partnerships & Ventures and Brewing & Brands. The new structure allows us to focus on the strength of our brands. Each of our brands plays a role in our portfolio with separate propositions. Greene King pubs is our mainstream pub brand. Destination Brands is a portfolio of distinct brands which includes Hungry Horse, Chef & Brewer, Farmhouse Inns and Flaming Grill that extend our relevance to attract more customers and win more occasions. Partnerships & Ventures comprises our Pub Partners business and venture brands such as Hickory's, Crafted Pubs and Metropolitan Pub Company. Brewing & Brands remained unimpacted by the restructure and brews, sells and distributes a diverse portfolio of beers.

In November 2022 we invested in the Hickory's brand which has seen continued focus throughout 2023 growing to 23 sites by the end of the year of which 21 were trading (prior period ended at 17 sites all of which were trading). In Partnerships & Ventures, Crafted Pubs grew to 6 sites (prior period ended at 4 sites) and franchised pubs continued developing and expanded to 52 sites by the end of the year. This growth has been driven from the continued rollout of our Hive pubs model which grew from 28 to 45 sites.

Brewing & Brands continued to develop its premium beer brands alongside our cask portfolio. The launch of cask pins, a 4.5 gallon unit cask ale container, at half the size of a standard container, enables maximum freshness and broadens appeal to customers.

Environment & Social remains a key strategic driver for Greene King and there have been several initiatives in this space over the year, including a new menopause policy, further development of Employee Led Inclusion Groups (ELIGs) and continued Macmillan support, delivering a record breaking £3.8m raised for the charity this year (£3.0m in the prior period).

Additionally, customer experience has been enhanced through investment in new technology such as a new website, bookings technology and modernising Wi-Fi across our pubs.

The 52 week period ended 31 December 2023 is the first period where comparisons to the previous period (the 52 weeks ended 1 January 2023) are largely unimpacted by the Covid pandemic. That said, it is important to note that in 2022, Greene King and the wider hospitality industry were recovering from this difficult period and this recovery has continued into 2023.

The rising cost inflation and global macroeconomic headwinds seen in 2022 continued into 2023, resulting in increased cost pressures across Greene King, but also impacting consumer confidence. This remained a concern throughout the year and was exacerbated by some periods of poor and variable weather, particularly over the usually busy summer months and school holidays and through other significant trading periods where there was significant rainfall. Unlike 2022, there wasn't a major international football tournament in the year. Trade was further frustrated by significant industrial action on the railways at various points in the year. In terms of positive factors, there was an extra bank holiday in May to celebrate the coronation of King Charles III and the festive period was particularly successful with many customers attracted to our pubs.

Group revenue was up 9.1% (prior period: up 62.2%) to £2,375.4m, with revenues up in all four reporting segments. The group made an operating profit before adjusting items of £186.1m (prior period: £192.6m). The statutory operating profit was £167.2m, down from a profit of £249.2m in the prior period. The reduction of £82.0m was primarily due to a change in nature of adjusting items and due to the continued pressure on profit as a result of the rising cost of inflation and global macroeconomic headwinds particularly impacting food, team and utility costs. The key movement in adjusting items includes a profit on disposal in the prior period versus a loss on disposal on property, plant and equipment and leases in the current period and an impairment reversal in the prior period versus an impairment charge on property, plant and equipment and right-of-use assets in the current period.

Group adjusted net interest costs fell by 2.7% to £122.3m. Lease interest costs rose by £1.0m and debt interest costs fell by £4.8m.

The group made a statutory profit before tax of £45.2m (prior period: £98.4m profit).

There was no government support in 2023 (in the prior period, the group benefitted from a temporary reduction in VAT for the hospitality sector to 12.5%. This was in place at the start of the year and remained active until 31 March 2022. Other than the reduction in VAT, there was no additional government support in 2022).

Investment in the wider estate continued, with total core capital expenditure for the group of £194.8m (prior period: £164.1m). The approach to investment was a balanced mix of spend on asset maintenance, EBITDA maintenance and EBITDA growth.

OUR BUSINESS MODEL

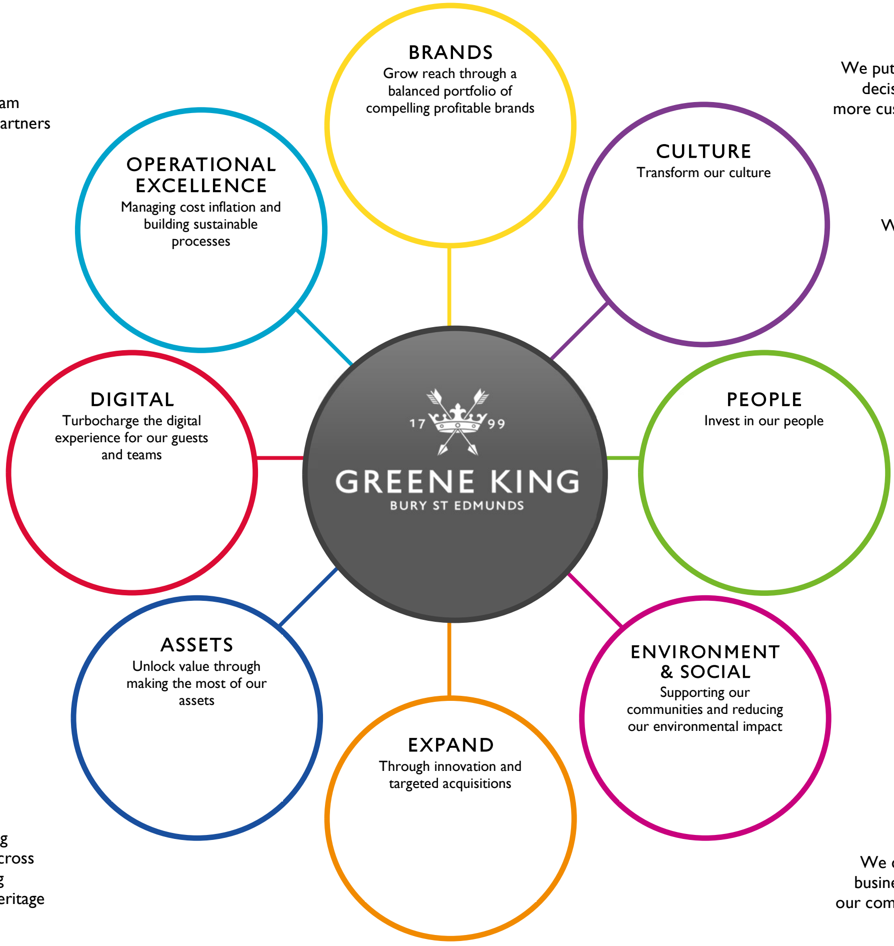
INPUTS	STRATEGY	VALUE
Resources and relationships we rely on to…	…Operate the UK's largest integrated Pub Company and Brewer…	… in pursuit of our purpose to pour happiness into lives

PEOPLE & PARTNERSHIPS
More than 40,000 talented team members and over 900 pub partners across the UK

SUPPLIERS & RESOURCES
A network of trusted suppliers providing us with the resources and goods we need to run our pub and brewing businesses sustainably

COMMUNITIES & GOVERNMENT
The engaged communities which we operate in the UK and the support of government and trade bodies

QUALITY ASSETS
The estate of pub and brewing assets we own and operate across the UK and the sector leading brands that reflect our rich heritage



CUSTOMER
We put customers at the heart of our decision making and strive to serve more customers, delighting them every time

PEOPLE
We are a business for everyone, investing in our teams to grow skills or a fulfilling career in hospitality

OPERATIONAL EXCELLENCE
We make it easy for our teams to consistently deliver outstanding experiences for every customer through every interaction in an efficient way

FINANCIAL
Our business model delivers consistent returns through a balanced portfolio and cash generation to fund growth

PRIDE
We create a culture of pride in our business as a positive contributor to our communities and our environment

2023 was a further year of progress on the strategy that we initially set out in 2021. Our foundational projects, which focused on the role of our brands and understanding our customers, continued to inform our strategic direction in 2023 with two new brand trials announced, multiple sites moved into more optimal brand formats, and completion of the reorganisation of our business from five divisions to four.

Having added an eighth strategy driver, Environment & Social, in 2022 to reflect our commitment to having a positive impact on the communities we serve, we are proud of the steps we have taken in 2023 toward our goal of becoming the Pride of British Hospitality:

Brands – Establishing compelling brands for long-term sustainable growth

- Announced the trial of two exciting new concepts as we continue our journey towards a balanced portfolio of brands. Seared, a pub concept, with a freshly grilled, globally-inspired menu, and the Everly Hotels Collection, a boutique hotel offer delivering modern comfort and sophistication.
- Continued evolution of our existing brands with investment in Chef & Brewer and Pub & Social
- Added the Cart & Horses, Winchester and Prince of Wales, Esher to our premium brand Crafted Pubs, bringing this format up to six sites in total.
- We increased our franchise business to 52 sites during the year, the growth has been driven from the continued rollout of our Hive pubs model which grew from 28 to 45 sites. A second franchise model 'Nest Pubs' was announced in 2024 focusing on a more wet-led offer predominantly located on busy high streets and in communities.

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

- We have continued our journey towards 'Everyday Inclusion', including the continued upskilling of our teams to enable their own inclusion journeys. Our reverse mentoring programme continued in 2023, as did our Leading Inclusively programme for managers within our business. In 2023 we have also partnered with external specialists to offer mentoring to our female talent, supporting our commitment to reach gender parity at leadership levels by 2030.
- We 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 (ELIGs).
- Our measure of team engagement (Sustainable Engagement on our Dartboard), which is based on team feedback, has improved from 84% to 87%, above the high performing norm, reflecting the investments we have made into improving our culture.

People – Transform our culture and our team's experience to enable them to deliver on our goal

- Team turnover has reduced to 66%, down 12 ppts over the course of the year.
- Launched Smart Recruiters, a leading recruitment platform, into our business to significantly enhance our talent attraction and onboarding experience whilst also increasing efficiency for our teams.
- Launched a new code of conduct and supporting policies, including gender identity, flexible working and menopause policies, codifying our commitment to improving our team's experience.
- Launched a new salary sacrifice electric vehicle scheme, making electric vehicles more accessible for our team.
- Launched a programme of investment into a new platform for our people, enabling a better employee experience for our 40,000 team.

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

- In 2023 we launched Greene King Engage, our supplier engagement platform, which enables a two-way conversation about environment and social matters with our suppliers and can be used to collect data and cascade learnings. The platform was launched at our Greene King for Good conference in October 2023, with 200 food, drink, property and IT suppliers invited.
- Raised £3.8m for Macmillan Cancer Support in 2023 taking our total to £17.8m since our partnership began.
- Having set a near-term target of 50% reduction of greenhouse gas emissions across scopes 1, 2 and 3 (direct and indirect emissions) by 2030 through the Science Based Target Initiative (SBTi) and committed to a net-zero target of 2040, we made good progress in the year. Trials were launched for alternative pub heating technology and solar panel trials launched at our Pub Support Centre in Burton and in a pub site.

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, all performing ahead of expectations.
- Invested in and opened The Royal, Portishead and The Victoria, Anglesey in Chef & Brewer, both of which are trading ahead of expectation.

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 and our brands particularly across Chef & Brewer, Pub & Social and Hungry Horse. This included the movement of 27 pubs to new trading formats to better serve their customer communities.
- Progressed overall hospitality strategy, raising operational standards on accommodation, with over 50% of Chef & Brewer rooms invested
- Continued our EV charging station roll out, bringing our total number of chargers installed to 648, enhancing the utilisation of our assets and providing vital infrastructure to our customers.

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

- Our Pub Network of The Future project, which delivers the best possible Wi-Fi speed and coverage by location as well as helping us acquire new customers, progressed well in FY23 with 1,561 pubs now successfully completed (95% of the managed estate).
- We have bolstered our digital infrastructure which now makes it really easy to engage with customers and talk to them in a personalised way.
- Launched our customer-focused pub websites, enhancing the customer experience and providing a smoother route through to booking and also made good progress on our app development.

Operational Excellence – Drive innovation and cost efficiency creating sustainably lower costs and ways of operating

- We are rolling out voltage optimisation equipment to 600 of our managed pubs (308 completed at year end), which will deliver reductions in our electricity usage of over 14 gigawatt-hours (2023 impact 1.7 gigawatt-hours).
- We have rolled out a new bookings platform, enabling not only a much improved customer booking journey but also improving operational effectiveness and efficiency for our teams.
- Created a new Operational Excellence function to ensure that not only can we generate new operational excellence ideas, but vitally that we can ensure that these ideas can be executed well in our pubs. The function will make life simpler for our pub teams, ensuring that they can focus on delivering for our customers.

DIVISIONAL PERFORMANCE

Following changes to the structure of the group's internal organisation and subsequent changes to the way financial and management information is presented to the board and the executive board (which consists of the Chief Executive Office, Chief Financial Officer, Chief Marketing Officer, Chief People Officer, Chief Communications and Sustainability Officer, Group Property Director and the Divisional Managing Directors), the composition of the group's reportable segments changed for the year ended 31 December 2023.

The composition of the group's reportable segments meant Premium, Urban & Venture is no longer a standalone division. The group moved from five divisions: Destination Food Brands, Local Pubs, Premium, Urban & Venture, Pub Partners and Brewing & Brands to four: Greene King pubs, Partnerships & Ventures, Destination Brands and Brewing & Brands. The new structure supports our long-term brand structure and enables us to continue to build our Venture and franchise businesses whilst also allowing us to take steps to simplify and strengthen our business.

GREENE KING PUBS

Greene King pubs is a newly formed brand and division, being the group's power brand within the wider estate and focused on driving long-term value through a clear ambition for the Greene King brand to be "The Nation's Most Loved Pub Brand".

Greene King pubs has four business units - Community Pubs, Proper Locals, Urban and Food Pubs. There was considerable time spent on reorganising our teams into focused business units, as we believe that this ruthless focus on the brand will deliver a more consistent and robust experience for the customer.

	FY23 52 weeks ended 31/12/23	FY22 52 weeks ended 01/01/23 Restated[2]	% change
No. of pubs	898	913	(1.6%)
Revenue	£938.4m	£855.9m	9.6%
Adjusted EBITDA[1]	£176.0m	£161.3m	9.1%
Adjusted operating profit[1]	£121.7m	£111.8m	8.9%
Statutory operating profit	£132.5m	£131.9m	0.5%

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106.

2. 2022 has been restated to reflect the new reporting segments, see note 2 for further details.

Greene King pubs produced strong financial results with both revenue and adjusted operating profit increasing by over 9% year-on-year. Like for likes sales (LFL) were strong in 2023, driven significantly by price. Liquor and food volumes remain behind 2019 levels. In terms of price inflation, a two-year view shows that we are broadly in-line with our nearest competition in a large number of cases. Our Urban performance has been encouraging, with a particularly strong performance in the second half of the year, which was ahead of the market.

Our pubs benefitted from significant digital investment in the year with the roll-out of Pub Network of The Future, our new in-pub Wi-Fi network, the transition of our pub websites into a new, more robust and customer friendly platform and the implementation of a new bookings platform for our pubs. All of these investments led to a simpler and faster customer experience.

As we seek to build a stronger and more consistent Greene King pubs brand, we are focusing on creating strong foundations to ensure we have better-trained and engaged teams, a key part of our brand. We have invested in a service foundations programme which has seen a shift in the positive reviews being left by customers and an improved financial performance. Our full year Reputation score increased by 7 pts, and levels of complaints also improved across the year when reviewed as a ratio to covers.

Our engagement survey (Rant and Rave) achieved an 81% response rate and our Sustainable Engagement result improved by 1 ppt across the year to 87% while Business Pride was down 1 ppt across the year to 85%. Our team turnover improved by 8 ppts from the end of January to the end of the financial year.

We have continued to invest in our estate and have accelerated our investment in our Community and Urban business units. Core investment capital expenditure for the year was £28.1m. We are pleased with the sales and profit performance at these sites, which gives us confidence to continue with these programmes. In total 51 sites benefitted from core capital investment in the year. We also completed two transfers in from other areas of the group whilst we transferred out four sites to Pub Partners.

2024 will be an exciting year for Greene King pubs – we will start to roll out our new brand identity, continue to accelerate our investment plan and exploit new tools to drive customer reach and volume. Our updated bookings platform and new app will be key drivers of this. We also have a fantastic year of sport ahead which will provide a big opportunity to capture a higher volume of new customers.

DESTINATION BRANDS

Destination Brands is a brand-led operator with a focus on running pubs and restaurants that bring friends and family together, delivering great service, quality and value for money for a range of eating out and drinking occasions.

We have a diverse portfolio of brands catering for our customers missions and the Destination Brands family is made up of four key brands: Hungry Horse, Chef & Brewer, Farmhouse Inns and Flaming Grill - the latter we welcomed into Destination Brands in 2023. The Wacky Warehouse brand is also part of our family, and a number of our pubs also benefit from accommodation income, with over 1,500 rooms across the estate.

Our aim to deliver outstanding customer experiences is supported through brand evolution. We strive to deliver operational excellence; our estate continues to evolve through investment in new brands, whilst maintaining the underlying value of the uninvested estate.

	FY23 52 weeks ended 31/12/23	**FY22 52 weeks ended 01/01/23 Restated[2]**	**% change**
No. of pubs	600	595	0.8%
Revenue	£787.4m	£770.5m	2.2%
Adjusted EBITDA[1]	£90.3m	£94.4m	(4.3%)
Adjusted operating profit[1]	£47.5m	£51.9m	(8.5%)
Statutory operating profit	£51.8m	£66.5m	(22.1%)

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106.

2. 2022 has been restated to reflect the new reporting segments, see note 2 for further details.

Total revenue of £787.4m was up £16.9m or 2.2% versus FY22, with Like for Like (LFL) sales strong and all brands in growth. LFL sales growth was supported by price, with covers flat on prior year and drink volumes in slight decline. Accommodation sales performed strongly in the year, up 14.3%.

Considerable cost headwinds in food, team costs and utilities led to adjusted operating profit of £47.5m, down £4.4m or 8.5% versus FY22.

Sales performed well in the first half of the year, although were behind the market, with that metric impacted due to the timing of price increases in FY22 versus competitors. Over a two-year period, prices are slightly below competitors as we look to continue to provide compelling value to our customers. A wetter and cooler summer period supressed trade over the key holiday period, but sales picked back up again with record sales over the Christmas period.

Our pubs benefitted from significant digital investment in the year with the roll-out of Pub Network of The Future, our new in-pub Wi-Fi network, the transition of our pub websites into a new, more robust and customer friendly platform and the implementation of a new bookings platform for our pubs. All of these investments led to a simpler and faster customer experience.

Our customer metrics continued to improve, with Reputation scores improved by 29 pts from 2022 and levels of complaints also improved versus 2022 when reviewed as a ratio to covers. We also finished the year with an average Environmental Health and NSF (EHO/NSF) food hygiene rating of 4.96 out of a maximum of 5.0, increasing from 2022.

Our customer experience and thus the performance of our business is dependent on over 16,000 people who work in Destination Brands. We are delighted to have seen our people measures improve across all metrics despite the challenging employment market. Total turnover improved by 14 ppts in the year, with our Sustainable Engagement score improving 3 ppts versus last year, and Business Pride improving 1 ppt versus last year, with 83% (up 8 ppts versus last year) of our team completing our annual engagement survey (Rant and Rave).

Given the cost headwinds we have been focused on initiatives that improve efficiency, such as refinement of labour scheduling, and mitigating cost increases through initiatives such as focus on utility consumption.

Our capital investment programme has continued to deliver strong returns with £14.4m core development investment in the year on 28 projects including investment in accommodation. Two new sites, which were acquired in FY22, were opened during the year, following significant investment, and have performed ahead of expectations.

Looking ahead to a transformational year in Destination Brands – we will see the launch of a number of new brands including Seared, our 'Pub with Global Grub', with the first site opened in January 2024 in Droitwich, Worcestershire.

PARTNERSHIPS & VENTURES

Our Partnerships & Ventures division was formed in early 2023. The division brings together our Pub Partners business, which comprises our leased and tenanted and franchise pub operations, with our venture businesses, that operate in growth segments in the market, outside of Greene King's core offerings, although leverage on the expertise and scale of the wider group. The division had 1,125 pubs and restaurants at the year end with revenues of £420.9m and adjusted EBITDA of £106.0m delivered in the period.

	FY23 52 weeks ended 31/12/23	**FY22 52 weeks ended 01/01/23 Restated[2]**	**% change**
No. of pubs	1,125	1,128	(0.3%)
Revenue	£420.9m	£341.7m	23.2%
Adjusted EBITDA[1]	£106.0m	£109.4m	(3.1%)
Adjusted operating profit[1]	£78.3m	£89.8m	(12.8%)
Statutory operating profit	£45.3m	£113.3m	(60.0%)

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106.

2. 2022 has been restated to reflect the new reporting segments, see note 2 for further details.

The division made significant progress during the year:

- Our Pub Partners business continues to show robust performance and is made up of 932 quality leased and tenanted pubs that continue to generate significant and stable cashflow for the group, and our franchise pubs, which have seen significant growth during the year, increasing to 52 trading sites. This growth has been driven by the continued rollout of our Hive pubs model, which comprises well invested assets converted from either our leased and tenanted or our fully managed pub estate. The 2023 openings have delivered strong returns and there is a healthy pipeline of available assets moving forwards. Our hard work and the value we place on our tenants was publicly recognised in 2023 with the honour of winning the Publican Best Leased & Tenanted Pub Company award.
- Hickory's Smokehouse, a leading BBQ smokehouse restaurant operator, joined our venture businesses in October 2022 following the investment by Greene King. This business has gone from strength to strength, with the core operation performing in line with expectations, alongside delivering successful conversions across four former Greene King managed pubs during 2023. The business now comprises of 21 trading restaurants across the Midlands and North West of England and is set to grow further.
- Our Venture Hotels business brings together a collection of 39 hotels providing focus on maximising the returns of our accommodation-led assets. During 2023 we launched a new upscale brand called Everly, with the first hotel in Rottingdean due to open in the summer of 2024. The alignment of our hotels to new brand propositions will ensure we continue to maximise returns from this estate.
- Metropolitan Pub Company (Metropolitan) has 69 pubs with a large population of these assets in London. The business operates premium food and drink pubs in urban and suburban locations. The rail strike action has hampered our ability to drive sales this year, although more recent performance has been encouraging as footfall in city locations returned. There has been targeted focus on investment during the year and the business also saw the closure of the remaining three Loch Fyne branded sites at the end of 2023.
- Crafted Pubs is our premium destination dining concept that has grown to six sites during 2023. The brand connects two key parts of our strategy; growth through compelling brands and asset optimisation with assets transferred from other parts of the managed pub estate. Crafted opened two further sites (Cart and Horses, Winchester and the Prince of Wales, Esher) following transformational investments during 2023.

Partnerships & Ventures revenue grew by 23.2% to £420.9m in 2023, which was driven through investment in our venture brands, asset optimisation and growth in our franchise pub models.

The division made an adjusted operating profit of £78.3m, which was 12.8% below the prior year. The decline in profit versus prior year primarily reflects the closure of the Loch Fyne Restaurants business, an increase in central costs following the restructure and significant cost headwinds.

Development capital expenditure for the division totalled £28.0m with investment focused on maintaining and improving the quality of assets in the core estate and optimising assets through conversions and brand building investments.

Looking ahead we expect to continue to invest in asset optimisation and expand our venture brands. This will include the continued rollout of the Hickory's brand, see the first Everly hotel open, and build presence through our premium operations. We will also continue to grow our franchise estate and support our leased and tenanted partners with significant investment into the estate.

BREWING & BRANDS

Brewing & Brands brews, sells and distributes a diverse portfolio of beers manufactured from its two distinct breweries in Bury St Edmunds and Dunbar, in addition to wholesaling other brand owner products into various markets. The business supplies into the entire Greene King estate, as well as trading with external customers through multiple different selling channels spanning the On Trade, Off Trade and export markets.

	FY23 52 weeks ended 31/12/23	FY22 52 weeks ended 01/01/23	% change
Revenue[1]	£228.7m	£208.3m	9.8%
Adjusted EBITDA[2]	£32.2m	£29.7m	8.4%
Adjusted operating profit[2]	£21.3m	£20.6m	3.4%
Statutory operating profit	£21.0m	£26.3m	(20.2%)

1. Revenue disclosed is entirely in relation to third party customers.

2. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106.

Revenue of £228.7m was 9.8% higher than FY22 with adjusted operating profit at £21.3m, up 3.4%. FY23 marked the first in recent years to be free from Covid restrictions, however the hangover from the pandemic endured, manifesting in notably high inflation which kept pressure on disposable incomes and consumer confidence. Despite facing into this backdrop of persistent economic uncertainty, the business pressed forward with its strategic ambitions underpinned by developing brilliant beers, brilliant brands and brilliant people.

Revenue increased versus prior the year by £20.4m, driven primarily by volume growth in the On Trade, combined with realising price increases across all trading channels. Despite absorbing high levels of inflation, particularly in foreign product cost, raw materials, canning, utilities and third-party distribution; a combination of operational efficiencies, cost control measures and price increases served to deliver the strong year-on-year financial performance.

True to the group values, Brewing & Brands maintained a close focus on its customer-first approach, achieving record results in OTIF % (on-time, in-full delivery) of 95.7% (+0.9% vs FY22) and a 100% quality score in the Bury St Edmunds brewery (+5% vs FY22). Both achievements reflecting the commitment to providing consistently high-quality product and service to our diverse range of customers. 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 Bitter category at the Great British Beer Festival.

One of the key pillars of the divisional strategy is growing 'Premium Beers', a crucial component in rebalancing the portfolio to increase the presence of modern beer styles and branding to enhance our exposure to future profitable growth categories. Premium Beer volumes (Ice Breaker, Level Head, Flint Eye) continued to grow supported by a significant marketing investment program, delivering strong distribution growth in the Free Trade and Off Trade channels and supported by incremental listings across the internal estate. Greene King improved its position in the craft market, securing the #4 spot for volume/value among UK craft brewers, behind only Heineken, Budweiser and Brewdog (CGA OPM Data).

Alongside growing volumes and share in the craft market, protecting core brands in the declining traditional/cask ale categories remains fundamental to the operation. In the Off Trade, our value share of the traditional ale market grew to 17.7% (+0.5% vs FY22). In the On Trade, our volume share of the cask market grew to 8.6% (+0.1% vs FY22), a result supported by multiple initiatives including; deploying a rejuvenated seasonal ale proposition (volumes +25% vs FY22), investment in pins (volumes +111% vs FY22) and a greater engagement from the internal estate in stocking Greene King branded beers on the bar, delivered through enhancing internal working relationships and collaboration across the group.

Brewing & Brands sustained its commitment to investing in brewing brilliant beers and building brilliant brands throughout the year, deploying further capital investment. This investment covered a broad spectrum across the business, including product innovation (pins production, lager manufacturing capability), operational efficiency (centrifuges, SCADA), IT development, cellar service equipment, health and safety enhancements, and ongoing development of a new distribution centre in Bury St Edmunds.

Our annual employee engagement survey was completed with over 600 participants taking part in the survey, achieving a record high response rate of 79%. Our Sustainable Engagement result improved to 78% (+6% vs FY22), with Business Pride rising to 85%, (+3% vs FY22).

Looking ahead to 2024, the business remains committed to building on the strategic foundations laid following the Covid pandemic and will look to continue to grow premium beer volumes, deliver market share growth in the On and Off Trade ale markets, grow pin volumes and achieve associated profit premium, deliver cost efficiencies through the Operational Excellence program and continue to invest in upskilling our people and enhancing our culture.

FINANCIAL REVIEW

Income Statement

	Statutory			Adjusted[1]		
	52 weeks 31 December 2023 £m	**52 weeks 1 January 2023 £m**	**YoY change**	**52 weeks 31 December 2023 £m**	**52 weeks 1 January 2023 £m**	**YoY change**
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%)**

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106 and note 5 for adjusting items.

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 due to increased levels of trading in the period as a result of continued recovery of the hospitality industry following the Covid pandemic 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 primarily due to a change in nature of adjusting items and due to the continued pressure on profit as a result of the rising cost of inflation and the global macroeconomic headwinds particularly impacting food, team and utility costs. There was no government support in 2023. In the prior period, the group benefitted from a temporary reduction in VAT for the hospitality sector to 12.5%. This was in place at the start of the year and remained active until 31 March 2022.

Group adjusted operating profit by segment

	52 weeks 31 December 2023 £m	**52 weeks 1 January 2023 £m Restated [2]**	**YoY change**
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 profit[1]	**186.1**	**192.6**	**(3.4%)**

1. Adjusted measures exclude the impact of adjusting items, for details see APMs on page 106 and note 5 for adjusting items.

2. 2022 has been restated to reflect the new reporting segments, see note 2 for further details.

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 24.8% (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-related 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 ended 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[2]	(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[2]	**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 and freehold purchases	(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, for details see APMs on page 106.

2. Adjusted measures excluding the impact of adjusting items, for details see APMs on page 106.

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 HRMC 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 the long-term strategic priorities, the group's objective is to maximise the strength and flexibility of its balance sheet, and to maintain a capital structure which meets the short, medium, and long-term funding requirements of the business. The principal elements of the group's capital structure are its £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 extended the unsecured revolving loan facility with CKA Holdings UK Limited. From November 2024 any amounts drawn down bear interest at a fixed rate of 7% and interest is payable following the end of each interest period which are 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.

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 64% 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.

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

Pensions

The group maintains four defined contribution schemes, three of which are open to all new team members and one that 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 the period were £3.5m into escrow (prior period: £4.1m of which £1.5m was paid into escrow).

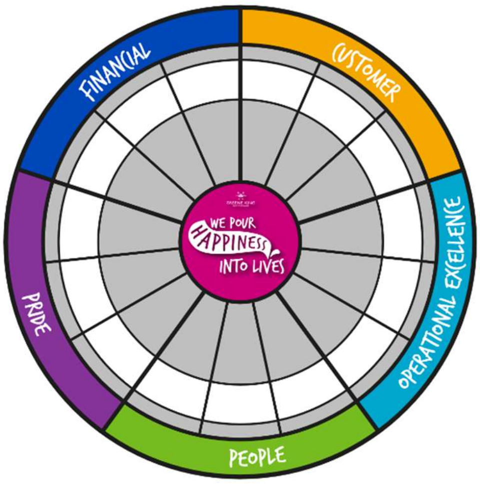
Dividend

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

KEY PERFORMANCE INDICATORS

In 2021 the group launched a balance scorecard, called the "Dartboard" to assess the performance of the group. 2023 was the second year of formal use. There are a number of Dartboards used across the business; there is at least one per division and there is a group one. The metrics disclosed in the tables below are based on the group Dartboard.

There are 15 key performance indicators (KPIs) reported in the Dartboard that are structured around 5 pillars which promote our strategic objectives around people, operations, customers and pride as ways to target sustainable financial outcomes. Each KPI is measured using a blue, red, amber, green (BRAG) system on a periodic and year to date basis. A large number of the KPIs are measured against budget or an internal metric, but to demonstrate how we measure the performance of the business, one KPI per pillar has been set out and commented on in the table below. The KPIs selected are those that have most relevance and meaning to an external reader based on how the KPI is measured.



FINANCIAL
Adjusted operating profit[1] (£m)

The Dartboard has an adjusted operating profit underpin in addition to the 15 KPI metrics referenced above.

2023	**£186.1m**
2022	£192.6m
2021	£18.6m

Summary
The group's adjusted operating profit declined marginally during 2023 compared to 2022 predominantly due to rising cost inflation and global macroeconomic headwinds.

FINANCIAL
Free Cash Flow (£m)[1]

Free cash flow is reconciled on page 107.

2023	**£9.6m**
2022	£13.1m
2021	£7.2m

Summary
The group remained cash generative demonstrating the strength of the group's trading performance despite a range of ongoing cost headwinds and increased investment in the estate.

CUSTOMER
Group sales (year on year) (%)

Sales growth or decline measured versus the prior year.

2023	**9.1%**
2022	(0.4%)
H2 2021	(8.7%)

Summary
2023 group sales grew with sales up in all four reporting segments.

OPERATIONAL EXCELLENCE
Safety & Compliance

Measured as an average of each the component metrics for each operational division. Divisions with managed pubs are assessed on food hygiene scores, Pub Partners on SafeStart and Brewing & Brands on RIDDOR (The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) accidents.

2023	**100%**
2022	100%
H2 2021	100%

Summary
All four divisions met their safety targets for the period.

PEOPLE
Sustainable Engagement (%)

Measured using a sustainable engagement model, which is 3 questions in the Willis Towers Watson engagement survey (Rant and Rave)

2023	**87%**
2022	84%
2021	79%

Summary
The survey has assessed 87% of our employees to be engaged, enabled and energised, an improvement of 3% on the prior year.

PRIDE
Business Pride Score (%)

Measured using the answer to "I am proud to be associated with Greene King" within the Willis Towers Watson engagement survey (Rant and Rave)

2023	**85%**
2022	85%
2021	82%

Summary
The survey has assessed 85% of our employees to be proud to work at Greene King, a consistent score on the prior year.

1. Adjusted measures excluding the impact of adjusting items, for details see APMs on page 106

DIRECTORS DUTIES UNDER SECTION 172 COMPANIES ACT 2006

Under section 172 of the Companies Act 2006 the directors of the company are required to act in a way which promotes the long-term success of the company and in doing so to consider the interests of the company's stakeholders. This section of the report is designed to set out how the directors have complied with their obligations in this regard.

The directors of the company have at all times during the period (and at all other times) acted in the way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so had regard (amongst other matters) to:

- the likely consequences of any decision in the long-term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the company.

Engaging with stakeholders. The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success. The group's key stakeholders are as follows:

Shareholders. The company is a wholly owned subsidiary of CK Asset Holdings Limited (CKA), a limited liability company incorporated in the Cayman Islands, registered in Hong Kong, and listed on the Main Board of the Hong Kong Stock Exchange. The board has continued to ensure that there is appropriate engagement by the company with CKA. Certain members of the board of CKA receive copies of the company's board meeting packs and are invited to attend and ask questions at the company's board meetings to ensure that there is direct contact between the two boards and that the company's parent is fully informed of the company's activities. As well as an update from the CEO, the board receives and reviews reports on the company's financial performance, on matters relating to employees and on audit and risk related matters.

Team members Our people are our greatest advantage with an average of 40,000 team members employed across the group during the year. Attracting and retaining the best people and developing and investing in them is critical to our continued success.

Key areas of focus for the business in relation to team members this year included recruitment, retention, health and wellbeing, development opportunities, pay and benefits.

Staff shortages continued to be an issue at times throughout 2023. Recruitment issues were dealt with via pay rises, introduction of a new recruitment platform, focused improvement on onboarding and induction for new team members, together with a continued focus on improving work-life balance for some team members and other measures to reward and recognise the commitment of our employees.

Inclusion and diversity across the business has continued to evolve and executive board sponsors have been appointed to our four Employee-Led Inclusion Groups (ELIGs):

- Village Greene – our LGBTQ+ focused employee-led inclusion group
- Unity – our Black, Asian and minority ethnic focused employee-led inclusion group
- Greene Sky – our female focused employee-led inclusion group
- Ability – our disability focused employee-led inclusion group

The ELIG's provide an important forum for raising awareness of issues and concerns facing the community they represent. One of the focuses throughout 2023 was raising awareness and increasing understanding throughout the business of the menopause and the impacts it can have on team members. A new policy was approved by the management team together with supporting materials, coupled with a menopause awareness day supported and attended by members of the board committee.

Regular reports about what is important to our team members are made to the board ensuring consideration is given to their needs. There are many ways we engage with and listen to our people including forums, listening groups, face-to-face briefings, internal communications and Kingdom (our team member app), and a key performance indicator is our employee engagement survey. As part of our annual engagement plan, we carry out two listening surveys per year across the business, which measure amongst other criteria levels of engagement and business pride. The business consistently sees response levels above industry norms showing trust in our people to give true feedback and an acknowledgement of our commitment to take action and make improvements that support the development of our culture linked to longer term enhanced business performance levels.

The board receives an insights report following each engagement survey and all leaders and managers receive detailed reports for their areas. These reports form the basis of action plans addressing key areas identified in the engagement surveys at group and divisional levels. To ensure that team members have transparency and reassurance that we listen to feedback, the business has introduced updates into its internal communications campaigns relating directly to engagement surveys and work being undertaken to address feedback. Throughout 2023 feedback from the engagement surveys demonstrated a need for focus on team member wellbeing. As a result, the business took steps to implement 2 wellbeing campaigns per annum that signpost the wide range of support in place from Employee Assistance Programmes to discount schemes. Furthermore, a 50% staff winter discount during the month of January was introduced to assist employees with the cost of eating out in response to the cost-of-living crisis. Another area identified by the engagement surveys in 2023 was providing our team members with the tools to do their jobs effectively. The business responded to this with the roll out of our Pub Network of The Future scheme delivering enhanced Wi-Fi across our estate.

Our hard work and the value we place on our people was publicly recognised in 2023 with the honour of winning the Publican Best Employer Award 2023.

Customers. We place customers at the heart of everything we do and aim to pour happiness into lives. We regularly benchmark against the best in class in terms of brand positioning and customer service levels and 2023 saw a number of digital transformation projects reach completion with the aim of improving customer experience. Notable achievements recognised by the board include the roll out of the new booking platform, the transition to a single new platform for our websites, the launch of the customer experience platform and the upgrading of the Wi-Fi across the estate in the Pub Network of The Future Programme.

The board is given details of relevant customer insights based on a number of inputs from customer surveys, market data and forward-looking horizon scanning exercises and also of any significant health and safety related issues relating to our customers. The board is also regularly updated on customer attitudes towards the economic environment, which this year have been particularly important given the uncertainty and difficult economic environment with high interest rates and cost of living pressures.

Tenants. Greene King's Pub Partners team, which now sits within the newly formed Partnerships & Venture division, manages our tenanted and leased pubs. We engage with our tenants on a regular basis, including through meetings with our business development managers and through tenant surveys, to ensure that we are aware of the key issues affecting them and their business and offer support and assistance where possible.

During 2023, Pub Partners, with the full support of the board, undertook a focused roll out of the Hive pubs franchise, designed to give franchisees a ready to trade pub within a proven branded concept. 17 sites were converted into Hive franchise pubs in 2023. The success of Greene King's Pub Partners team is dependent on the success of our licensees, so supporting our licensees is paramount to the success of Pub Partners. We have several different agreement types in place designed to best align the interests of Greene King with those of its licensees and support long and successful tenures.

Suppliers. Building strong relationships with our suppliers and developing lasting partnerships is one of the keys to our success and our Chief Executive Officer, Chief Financial Officer and senior management regularly meet with our key suppliers to support this. During the year we held our first Greene King ESG (Environment, Social and Governance) Supplier Conference for 200 food, drink, property and IT suppliers, setting out our ambitions from an environmental and social perspective and launching Greene King Engage, our new Supplier ESG engagement platform. In addition to this we have also been working on a new supplier code of conduct which will cover a range of basic requirements we expect our suppliers to meet. These will include that all employees in the supply chain shall be free to choose their employment and shall not be forced to work against their will, and that there shall be no forced, bonded or involuntary prison labour or human trafficking.

With the general economic and inflationary pressures that continued to be felt throughout the year our purchasing teams have worked hard to mitigate cost increases and to source alternative products and /or suppliers where appropriate.

We ensure our supplier payment performance as required by the Payment Practice Code is reported and throughout 2023 we continued to evaluate and improve our processes to pay as many suppliers as possible to agreed terms, further ensuring we maintain and build long-term collaborative relationships with our suppliers.

Debt holders. The group has a secured financing vehicle with bonds listed on the Irish Stock Exchange. Biannual reports on the financial performance of the vehicle are made available to bondholders on the group's website and regulatory information is published via the Regulatory Information Service provided by the stock exchange and disseminated to bondholders via the clearing systems. An annual investor presentation takes place following the publication of the group's annual report to update bondholders on the group's performance and strategy, as well as giving bondholders the opportunity to submit questions for response by senior management.

The group also receives funding from certain banks, principally in the form of term facilities and revolving credit facilities, and senior management engages proactively with the group's bank lenders on an ongoing basis.

Pension trustees. The group has two final salary pension schemes, both of which are closed to new members and future accrual. The company's Director of Group Finance engages proactively, including via meetings, with each pension scheme trustee board on a range of matters, including triennial valuations, funding levels, journey planning as well as future investment strategy. The most recent triennial valuations of both schemes (in respect of valuation dates in 2021) were completed in 2022, and the next triennial valuations (in respect of valuation dates in 2024) will commence in 2024 and are expected to be completed in 2025. In respect of the Greene King scheme, the group continues to pay company contributions into an escrow account as stipulated by the recovery plan agreed with the trustees of the scheme following the completion of the 2021 valuation.

Government and regulatory authorities. We engage with the government, politicians, and regulators through a range of methods providing insight and assistance on policies that impact the business. In particular we have worked with the Department of Justice in relation to our support for programmes to encourage prison leavers back into the workplace and build a career in hospitality. Our Chief Executive Officer, Nick Mackenzie, also sits on the Government's Hospitality Sector Council which is a group of experts representing a cross-section of the industry and is chaired by the Business Minister. The aim of the Council is to support the delivery of the Government's Hospitality Strategy, which aligns with Greene King's social strategy in supporting our communities.

In December 2023 Nick Mackenzie was appointed Chair of the British Beer and Pub Association, the trade body which represents the voice of the sector. The business also continues to be a member of UK Hospitality which liaises and lobbies the government and regulatory bodies on matters affecting the industry. The work of these trade bodies and individual efforts, including from Greene King, contributed to the decision by the Government last year to freeze alcohol duty until 1 August 2024 as well as the continued relief from business rates provided to our leased and tenanted partners. We are in regular contact with local authorities in relation to property, licensing and health and safety matters, working proactively with them where appropriate. We also continue to have ongoing contact with HMRC in relation to tax matters.

Community. Greene King is proud to engage extensively with the communities it serves. Predominantly this occurs at a local level in ways which are relevant to each location. Examples include engagement in residents' associations, community groups and local chambers of commerce groups. We have become the first pub company to launch a national accreditation scheme with Best Bar None, demonstrating our commitment to responsible retailing within the communities we serve. Other examples of community engagement are our activity with charity partners such as Macmillan, our grassroots sport support through our Proud to Pitch in programme and our support for communities through our Christmas Community Tables and No One Alone (Closer Communities) programmes.

Landlords of leasehold properties. Whilst the majority of our pubs and restaurants are freehold properties, we do operate a number of leasehold sites owned by a range of landlords. Engagement with such landlords primarily concerns rent, repairs and energy data.

Case studies

1. Strategy and budget

The company's strategic goal, set in 2020, is to be the pride of British hospitality, famous for outstanding customer experiences. Work began in earnest in 2021 and continued throughout 2022 and 2023. The key priorities identified for 2023 to deliver the company's strategic goal included:

- ensuring investments generated returns and delivered long-term foundational platforms to support future growth;
- being focused on delivering fewer projects but landing them consistently and sustainably;
- ensuring new technology foundations were put in place;
- ensuring that the company delivered positive cashflow; and
- demonstrating EBIT progression, excluding the effect of utilities inflation.

In line with the priorities for the year a key focus throughout 2023 was ensuring new technology foundations were put in place. Significant progress was made in relation to our transformation programmes. Upgrading and future proofing our Wi-Fi both for the business and customer use in our pubs was rolled out to the whole of the estate; our previous legacy websites (of which there were over 100) were replaced with new branded websites which will help to improve performance and our digital presence in the market; a new bookings platform was introduced with the aim of achieving a much improved customer experience; and significant investment has been made in the customer relationship management platform and digital assets. We have also made substantive progress on developing our customer app, which will allow for a much improved order and pay functionality, and will link to all our other digital channels to allow a seamless way for customers to interact with the business, from locating a pub, booking, ordering, paying and engaging with our promotional programmes. The board and board committee acknowledged and supported the long-term benefit to the business and our customers in delivering these transformation projects and acknowledged the continued alignment of these projects to the business's strategic drivers.

For 2024, the strategic plan was updated and refreshed with approval from the board and the budget was set with a view to:

- delivering adjusted EBITDA growth from recovering volumes and efficiencies;
- significant investment on EBITDA generating capex to support brand propositions, ESG and transformation projects;
- initiating key projects which will ensure we are robust and dynamic for the future; and
- achieving returns from investment made on digital media and transformation projects in 2023.

There will be a continued focus on operational excellence now that a dedicated operational excellence function has been established and leveraging the investments made in 2023 through digital and transformation projects during 2024. The 2024 budget was approved by the board committee in December 2023.

2. Environment, Social and Governance

In 2022 a new strategic driver, environment and social, was introduced to assist in the reduction of greenhouse gas emissions within our operations, help our customers and suppliers make more sustainable choices and provide further support to the community. Increasing the visibility and focus on environmental, social and governance matters has enabled significant progress, which continued during 2023 on, including the introduction of ESG reporting to the board in April 2023. Supported by both the board and the board committee the following key achievements in this area have been delivered:

- ratification of Greene King's carbon reduction targets by the Science Based Targets initiative, placing Greene King as a leading company in the sector;
- the launch of Greene King Engage, our supplier engagement platform, which allows a two-way conversation with our suppliers on ESG matters. The platform will deliver greater visibility about our scope 3 emissions (which represented 81% of our footprint as at 2019) and allow us to work with suppliers to improve standards. The platform was launched at a supplier conference, hosted by Greene King, and involving our top 200 suppliers covering food, drink, property and IT partners;
- agreement reached to switch to 100% renewable electricity in late 2023, meaning that all electricity supply will be renewable for 2024;
- roll out of voltage optimisation to 600 pubs in our managed estate (308 completed at year end); and
- the continued commitment of the business to Macmillan throughout 2023, raising £3.8m for Macmillan Cancer Support during the year, taking our total to £17.8m since the partnership began. External acknowledgement of the long-term and sustained partnership with Macmillan was acknowledged at the Corporate Engagement Awards 2023, where the business won 3 awards. Two gold awards were presented to Greene King for "Most effective long-term commitment" and "Best collaborative approach" and a silver award was presented for "Best charity, NGO or NFP programme".

3. Costs and Prices

With the challenging economic climate businesses faced in 2023, with periods of higher inflation, higher interest rates, wage pressure and the impact on eroding consumer confidence, the business and the board's focus throughout the year was centred around efficiencies, costs and pricing, whilst ensuring great customer service. The board noted that whilst the consumer environment was improving, it continued to recover slowly. Consumer confidence (as measured by our pubgoers survey) remained below 2021 levels, impacted by concerns around inflation and interest rates.

The impact of soaring energy costs was particularly felt by the business as the hedging arrangements previously in place through 2022 came to an end when energy costs were still at the peak. With the support of the board the decision was taken not to immediately fix utility rates but to wait until costs stabilised. It was reported to the board in April that the business had managed to hedge 92% of its gas requirements for the year and 100% of its electricity requirements for the summer.

Food inflation and increasing energy costs were coupled with wage inflation and lack of supply within the labour market. In response to the challenges facing the company in terms of recruitment and wage pressure, and with the support of the board noting the fine balance between additional cost versus recruitment and retention, the company retained its policy differential above the National Minimum Wage increase which took effect from 1 April for hourly paid team members. Salaried members of staff were subject to a tiered differential approach with regards to pay increases, with higher percentage increases paid to those at junior levels. It was also noted by the board that maintaining our differential on wages was beneficial to staff welfare in light of the cost-of-living pressures.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is critical to the safe and successful delivery of our operations and our strategic goals. The following statement in our Risk Policy makes it clear to all employees the importance of risk management.

Greene King recognises that the effective management of risk is critical to achieving its future strategy and current business objectives. Every part of the business has defined deliverables and is required to review their risk environment to:

- identify risks to the achievement of those deliverables
- assess the impact and likelihood of the risks materialising
- implement effective actions designed to:
  - facilitate safe, economic, effective and efficient operations
  - achieve defined deliverables
  - safeguard company assets from loss, inappropriate use or fraud
  - enable compliance with Greene Kings internal controls
  - remain within the stated risk appetite
- take appropriate risk to realise opportunities

Greene King also requires every part of the business to monitor, communicate and report changes in the risk environment and the effectiveness of actions taken to manage identified risks on an ongoing basis. Clear accountability for risk ownership and risk treatment actions is expected at all levels.

How we manage our risks

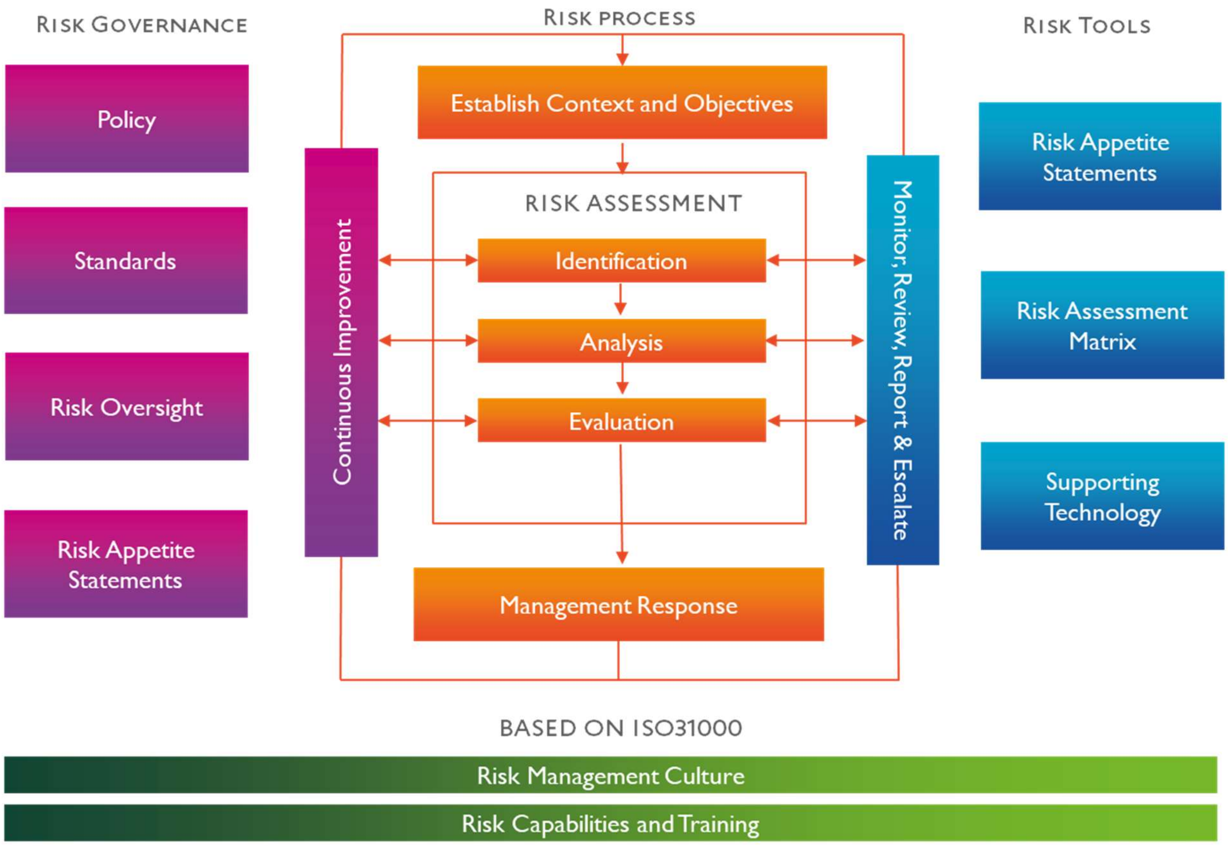
Greene King follows a standard methodology used in risk management based on ISO31000. The evaluation of risks considers impact and likelihood of the risk materialising. In 2023 we implemented an enhanced approach to risk management which included the identification of a separate set of group risks developed from a combination of existing divisional and functional strategic risks and identification of new risks that will support delivery of our strategic goals. The group risks are reviewed quarterly by the executive board providing improved collective oversight of the company's principal risks. The addition of group risks has also enabled better line of sight to divisional and functional risks. The risk framework provides a more joined up conversation on how risks are being managed enabling us to take more risk where appropriate whilst ensuring threats are understood and appropriately managed.

Each divisional executive team and each functional head is responsible for identifying and mitigating risks within their sphere of responsibility. They are then responsible for evaluating current controls in place to manage their risks, drawing up plans to improve controls and manage new or emerging risks. All risks are aligned and evaluated against the group's stated risk tolerance parameters, with mitigating actions designed to bring all risks within these limits.

To ensure uniformity across the organisation together with continuous improvement of our risk profile and suitable governance, a structured enterprise risk management framework is followed, and compliance monitored. Through this process, progress of risk implementation plans is monitored by senior management on a regular basis.

Risk mitigation plans and management of risk is reviewed formally at the Risk Committee where all divisional risks are presented and reviewed throughout the year via a rolling programme.

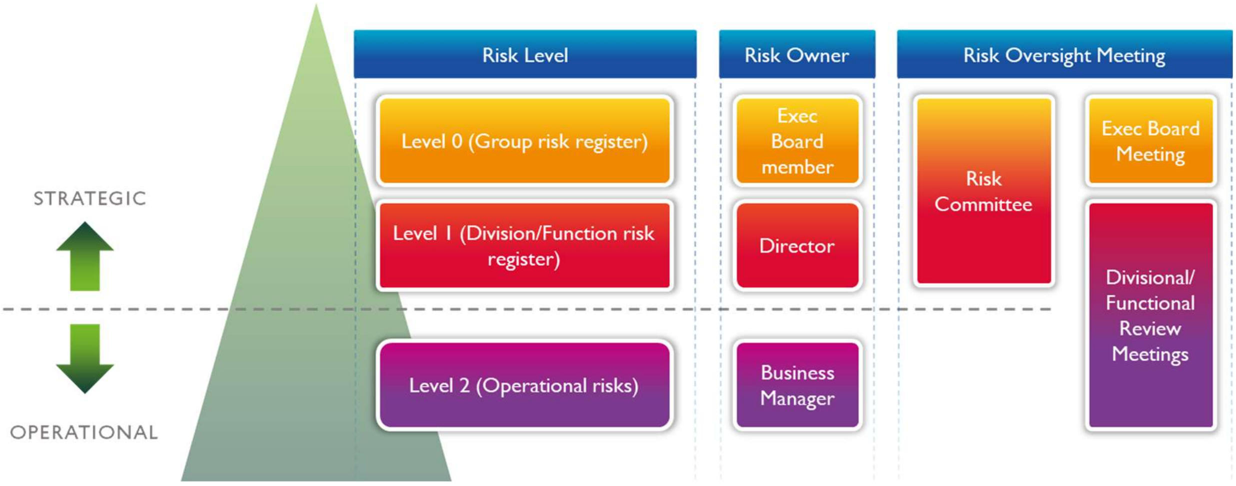
Figure 1 – Risk Framework



Risk Oversight

The CEO has overall accountability to the board for the oversight and management of risk at Greene King. However, the risk policy makes it clear that it is everybody's responsibility to manage risk. The below governance framework is in place to support line of sight and ensure risks and risk mitigations are systematically reviewed.

Figure 2 – Risk oversight



Emerging Risks

In our interconnected, changing world, it is getting harder to predict the future in time to make decisions and act early enough to deal with unexpected, disruptive events. We regularly review our risk profile to monitor the impact of external events, such as the Ukraine conflict and the UK cost of living crisis. We also look to external expertise for insights on societal change and emerging risks that may import to our business and industry.

In February 2023, the executive board and some members of our senior leadership team undertook a horizon-scanning exercise to consider the effect on Greene King and the broader industry of three disruptive trends over the next three to five years: changing customer behaviour, increasing scarcity of resources and changing workforce dynamics. The output of the event provided us with a view of both opportunities and threats which we could feed into our strategic planning process.

How we decide how much risk to take

We use company-wide risk appetite statements split into four levels: Averse, Cautious, Balanced and Open to outline how much risk the executive board is willing to take to achieve its strategic goals:

Environment and Social - Balanced

Safety – Cautious

Finance – Balanced

Legal – Cautious

Reputation/Brand – Balanced

Growth and Reach – Open

Principal Risks

The introduction of the executive board level risk register (group risks) informs our principal risks. This more targeted list of threats and opportunities, aligned to our strategic priorities, helps us focus on the risks that matter the most. Our group level risks are defined as ones that meets one or more of the set criteria, including: the potential impact to whole/multiple areas of the business; severe impact on delivery of strategy; requires cross-division/function control; or requires executive board team visibility and support.

In addition to the risks fully disclosed below the executive board also consider risks to information security and legal matters both of which have their own governance forums by which residual and emerging risks are discussed.

Risks by strategic priority

Strategic Driver – People; investing in our people	
Recruitment and Retention ↓	We are unable to attract and retain talent across all divisions to enable excellent customer service and achieve our ambition to be the pride of British hospitality through delivery of the transformation programme resulting in poor growth and declining reputation. **Some of the actions we're taking** We are undertaking a full review of pub team roles and responsibilities, to understand key issues. There is also a review of working practices to understand where automation could reduce reliance on team hours, and improve processes. This is to enable pub teams to spend more time on customer-facing activity and will include multi-skilling potential and ways to reduce team segmentation and inability to provide cover. We are also looking at how we can deliver less complex food offers where appropriate whilst reviewing the skills and capability needed to support our strategic intent of more premium offers. We continue to lobby government for easier access to foreign labour. As part of our cultural transformation programme we are improving our HR systems (technology).

	We continue to drive our inclusion and diversity programme through our employee led inclusion groups and targeted training on inclusive leadership rolled out across the organisation. We continued our focus on improving leadership skills at all levels through our Unleashed programme of training. We are improving our induction training to ensure our new team members have the skills required to operate effectively. We completed a full review of our recruitment agencies to better streamline and we implemented our new 'Smart Recruitment' tool.
Strategic Driver – Brands; grow through compelling profitable brands	
Strong, Relevant Brand Portfolio ↔	Our brands and portfolio fail to resonate with consumers resulting in weak to no growth and declining footfall and revenue. **Some of the actions we're taking** We have invested in building our central capability and built solid foundations including the development of our 'Innovation way' brand development framework. We have continued to define and build our new brands ready to pilot in 2024 (Seared, Greene King pubs and Everly), this includes brand guardrails, operational guidance and defining brand responsibilities and accountability covering both development and implementation. We continue to gain market insights and test assumptions to ensure that our brand strategy remains relevant. We have set up a structure and process to manage the planning and development of our brand portfolio including the governance, understanding and managing capacity when adding new brands. We have established a clear portfolio strategy and brand investment programme and embedded these into both the divisional and group strategic 5 year plans. We continue to identify and assess risks to current brands in order to better manage transition and we ensure that our business units work closely with the property teams.
Food Strategy Delivery ↔	There is a risk that, without a suitable, sustainable and deliverable group wide food strategy, the business will not optimise sales or cost synergies, which will erode both market share and margins. **Some of the actions we're taking** We continue to inform our food strategy and menus with inputs from customer insights and ESG and with a commercial lens. We continue to improve menu creation looking to reduce salt and sugar and improve our plant-based offering. Our procurement team take a long-term view on our supply chain and have actively looked into more sustainable options in order to support our environmental and carbon reduction commitments. This work is helping us to gain a better understanding of our current carbon footprint on menus and support our future strategy for transformation to reduce carbon (food origin, livestock management e.g. feed and transport). We have also completed a Food - Current versus Future assessment / gap analysis to support our transition based on future needs. We are aligning our menu transformation strategy and long-term timelines to our brand strategy and ESG targets, which includes impact on kitchen teams e.g. training. We are also looking at the fundamental set up of food across the business through a 'food optimisation journey'. This picks up improving food operations (planning through to execution), menu development process effectiveness and efficiency and health, and wellness ranging and delivery.
Strategic Driver – Environmental and Social; supporting our communities giving people better lives and reduce our environmental impact	
Embedding & Integrating ESG strategies ↔	There is a risk that we are unable to drive the opportunities presented through ESG and/or fail to embed adequate controls to manage legal/regulatory requirements leading to lost benefits and potential fines and reputational damage. **Some of the actions we're taking** We have set up our ESG governance structure, including clear accountabilities, terms of reference, meeting cadence and line of sight. Our ESG governance board consist of executive board members and relevant SMEs to provide oversight of the ESG programme. We have set up leadership forums for Environmental, Social and Governance and working groups who have developed strategies and roadmaps to aid our transition in all key areas. We have completed an extensive exercise to identify our risk exposure across all ESG areas and are developing mitigation strategies through our working groups. We have agreed and published our near-term science-based targets. We have developed our social strategy and have 5-year strategic plans to deliver on it. We have developed our Climate-Related Financial Disclosures (CFD) reporting process including risk analysis and data capture. We have implemented Greene King Engage, our ESG supplier engagement platform which will enable us to support suppliers with knowledge building on ESG matters, understand supplier targets, collect data, collaborate

	on and track joint projects and run topic specific campaigns. . It will also enable us and our suppliers to be better informed on our scope 3 emissions. We are implementing bespoke upskilling strategy based on stakeholder group needs including carbon literacy for all Pub Partners' business development managers to enable them to engage with our pub partners.
Strategic Driver – Operational Excellence; managing cost inflation and building sustainable processes	
Financial Health ↔	There is a risk that we are unable to control cash availability or maintain growth and investment to plan due to external economic factors causing financial stress within Greene King and loss of confidence of our stakeholders. **Some of the actions we're taking** We have continued to maintain prudent levels of headroom against our borrowing facilities. We undertake cash flow forecasting on a short, medium and long-term basis to ensure that any potential liquidity shortfalls can be identified and mitigated via the sourcing of additional funding and/or the reassessment of discretionary spend. Financial covenant forecasts continue to be reviewed by the Chief Financial Officer on an ongoing basis, and our long-term strategic plans are formulated to ensure that financial covenant headroom is maintained at a prudent level. Our annual financial planning cycle incorporates modelling of external economic factors (including scenario analysis and stress testing where appropriate), facilitating regular appraisals of the potential impact of changes in the economic environment. We continue to assess our exposure to key economic variables on an ongoing basis and undertake hedging activity in respect of energy price risk, interest rate risk and foreign exchange risk where necessary to keep exposure levels within our risk appetite. We have established a new Operational Excellence function to drive productivity and efficiency within the business, contributing to the mitigation of inflationary cost increases.
Growing Retail Sales ↔	There is a risk that we are unable to leverage opportunity to drive sales volumes in On Trade and Off Trade and fail to optimise production to sale of own brewed volumes (OBV). **Some of the actions we're taking** We have improved our data analysis to better inform product placement and volumes. We have developed a strategy and implemented a plan targeting increased free-trade sales in underutilised regions. We have invested in pins* to enable smaller volumes and maintain quality and have invested more in cellar management training. We are working proactively with wholesale partners to grow our reach and sales. Our two new premium beers have had successful launches and continue to perform well in the market. We are continuing to focus on growing more sales in premium outlets. *pin – a small beer cask containing 4.5 gallons
Strategic Driver – Digital; turbocharge the digital experience for our guests and teams	
Digital Enablement ↓	There is a risk that we are unable to fully leverage the opportunities provided through digital technology both to release capacity internally and to provide an excellent customer interface resulting in no increase in footfall or sales and no efficiency savings. **Some of the actions we're taking** Continuing our roll out of enhanced Wi-Fi across all of our pubs to improve our customer experience and allow us to exploit the data available from the 'Internet of Things'. Finalisation of our roll out of a new bookings application and remaining customer facing brand websites to improve our customers' digital experience. We are investing in our Digital Product teams and setting up continuous improvement processes to drive the new platform and continually enhance the customer experience. We have established a central Digital Technology function and new ways of working to develop our internal capability to continuously manage products through their lifecycle and maintain digital capability; to include vendor management, product management/roadmaps, internal capability and product development processes. We are investing in better capability to transfer digital change into operations to leverage the opportunities our new improved digital infrastructure provides. This is both in central functions to better leverage data and in our managed estate to ensure the business is set up to accept and leverage new products. We are utilising the new Customer Data Platform (CDP) capability with the new app platform to personalise customer experiences and communications across our channels. This includes using real-time data to influence a customer's experience within the pub. We continue to use of range of new software products, i.e., social media technology to improve customer engagement across customer touch points. We have set up an internal governance structure to monitor milestones and project delivery.
Information Security	There is a risk that we do not adequately protect and govern our information assets resulting in ineffective and inefficient use of data assets and/or data loss or breach.

	Some of the actions we're taking We have a mature approach to information security using the NIST (National Institute of Standards and Technology) framework. We have an IT Security Manager and our cyber security controls are based on established security. We provide mandatory training for all staff and carry out routine monitoring of security controls including external pen testing and regular reporting through the security forum. Key controls include: firewalls in place between internet\users and data servers; external security operation centre monitoring and alerting on security events 24/7; state-of-the-art enterprise detection and response on all devices; proactive vulnerability monitoring and patching; and regular external penetration testing. We also review third party suppliers to ensure all critical suppliers have the relevant levels of security controls. We have invested and improved our records management maturity, setting clear criteria and requirements for data classification, retention and deletion. We have also put in place a data governance framework and training for key personnel. We have continued to invest in technology with the rollout of SharePoint and the transition of data, access control and deletion after retention period. We have improved our management of customer data by moving legacy databases and legacy spreadsheets to a central platform/ data lake with privacy by design supporting implementation of our integrated CRM tool.
Strategic Driver – Assets; unlock value by making the most of our assets	
Maintaining Asset Value	There is a risk that we fail to invest appropriately in our property assets both in terms of use and prioritisation of funds, resulting in poor customer experience and depreciating value. **Some of the actions we're taking** We have reviewed and improved our process assessing asset investment/acquisition including criteria and weighting on areas such as: environmental, accessibility, segmentation fit, and return on investment. This includes long-term future proofing where practically possible in terms of ESG, the Equality Act 2010 and awareness of any matters that could impact value in the future. We are moving some of our maintenance from a reactive to a proactive process and improving our value assessment for repairs and maintenance. This includes improved forward planning with divisions to support reduced reactive maintenance. We are also supporting our pub teams through training on preventative cleaning and optimising our maintenance team through pooling of non-urgent jobs. We are improving our response to critical repairs by introduction of a triage process to reduce misuse of 24hr critical repair requests and therefore ensure prioritisation and better service levels for the most critical requests. We are also implementing Internet of Things to connect our most important pieces of equipment direct to the specialist repair teams.
Sustainable & Safe Brewing	Loss or catastrophic failure of either a critical piece of equipment or asset, resulting in serious injury or the inability to produce either beer or package goods. **Some of the actions we're taking** We have continued to invest significantly in both the Dunbar and Bury St Edmunds breweries to replace ageing equipment including a new kegging line at Dunbar. Ensuring the safety of all our operational teams is a priority. We have invested in our new distribution centre in Bury St Edmunds which is due to be operational by September 2025. We continue to focus on maintaining safety, environmental and quality standards through our dedicated internal teams, significant site and equipment inspections and control testing. We also use third parties to provide independent advice and assurance including external certification to standards: ISO14001 and BRC. We continue to test our incident response and product recall processes to ensure that in the case of any incident we can respond as quickly and effectively as possible.
Strategic Driver – Expand; through innovation and targeted acquisition	
Delivering & Sustaining Change	There is a risk that the execution of our change portfolio is ineffective and fails to deliver the strategic outcomes required resulting in low growth and poor customer satisfaction. **Some of the actions we're taking** We have developed our transformation strategy including clear drivers and outcomes, clear benefits which can be cascaded. We have crucially engaged the senior leadership team to provide visibility and understanding of our transformation journey and how they are able to support. We have mobilised our leadership talent in the management of change to ensure change lands effectively. We have set up transformation programme governance including investing in experienced programme and change managers to build capability. This includes the development of clear roadmaps linked to strategic plans and divisional/functional plans and the development of our Annual Operating Plan with clear priorities aligned to the change portfolio. To support implementation of our transformation programme deliverables into managed operations and to ensure business readiness we have invested in a new operational excellence team.

New Ventures & Acquisitions ↓	There is a risk that we do not adequately identify opportunity or invest successfully in acquisitions and/or are unable to create full value from new ventures and/or acquisitions, resulting in lost revenue and poor reputation with market and investors. **Some of the actions we're taking** We have developed an improved mergers and acquisitions (M&A) process to support us in identifying and managing acquisitions. We have built on the back of our segmentation work to identify potential future investments to enhance our portfolio focussing on the best fit for our strategic vision. After investing Hickory's we have codified learnings for future acquisitions.
Strategic Driver – Culture; transform our culture	
Industry Perception ↔	There is a risk that we fail to change the negative perception of hospitality as a work or socialising choice resulting in continued difficulties in recruitment, retention and impacting customer experience and repeat business. **Some of the actions we're taking** We believe that hospitality is a great career but also understand the current negative perception of hospitality there is amongst some of the general public. We need to understand what drives that perception. To that aim we have run a number of surveys through experienced third parties to develop better insight. This information helps us to tackle some of the causes and feeds into: • Our Inclusion and Diversity strategy, inclusive leadership training, staff led inclusion groups and targeted campaigns. • Marketing of Greene King careers and communication of Greene King opportunities including our wide range of apprenticeship programmes. • Promoting the Greene King employer brand through PR and corporate social media. • Enhancing our social strategy work – engaging pub teams, supporting local charity fundraising as well as our national charity partner, Macmillan Cancer Support. • Working with our industry trade body, British Beer and Pub Association (BBPA), to promote the beer and pub sector.
Legal and Regulatory Compliance ↔	There is a risk that we fail to adequately comply with regulation or legislation due to lack of early identification or appropriate implementation and monitoring of compliance controls resulting in fines, litigation and reputational damage. **Some of the actions we're taking** We are completing a high-level review of current legal/regulatory requirements, controls in place accountabilities/responsibilities and current compliance checks and reporting. We have developed a RACI including setting relevant criteria for each area which is issued to all accountable owners including: identification of emerging requirements; policy development; control criteria and compliance monitoring criteria. We are developing an annual internal control self-assessment process to include all relevant legal and regulatory requirements for implementation in 2024. We run an annual horizon scan with the executive board and key subject matter experts (SME). We are also requiring each policy owner to identify their approach to horizon scanning for changes within their area of policy. We have set up a Regulatory Governance Forum to oversee current and future regulatory and legal requirements, risk analysis and lobbying. We have developed a regulatory matrix to support risk analysis and prioritisation which is integrated as part of our regulatory and legal compliance activity and supports decisions on future activity.

Change since last period – As these are all newly articulated risks the risk direction is an indication of how risks have moved through 2023.

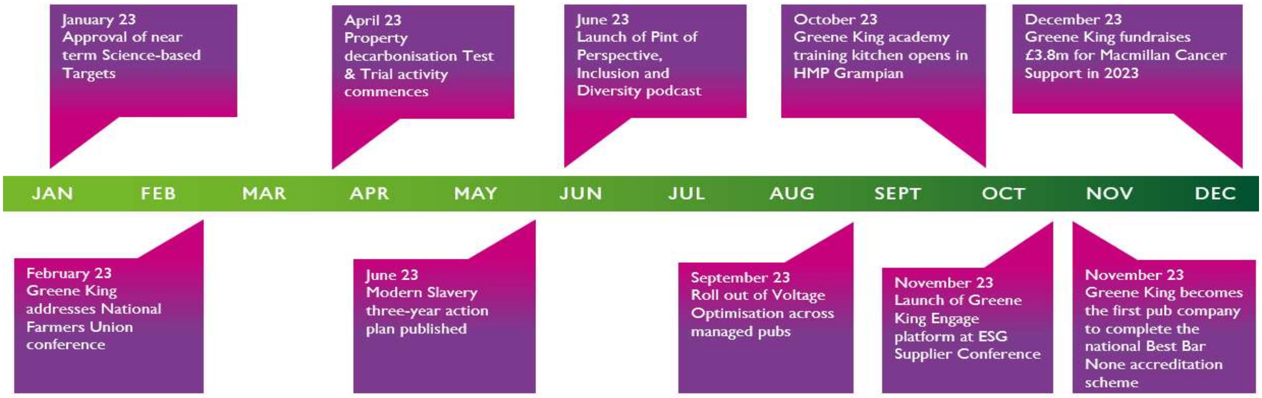
↑ Increased ↓ Decreased ↔ No change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Having built the foundations of our strategy during 2021 and 2022, in 2023 the business has focused on delivering the strategic actions identified in our ESG strategy, with progress made in all areas. We are proud that a material milestone was achieved in January 2023 when we received verification of our near-term science based target from Science Based Targets Initiative (SBTi). Our target is a 50% reduction of greenhouse gas emissions across scopes 1, 2 and 3 (direct and indirect emissions) by 2030. Our longer-term target is net-zero by 2040.

During the year we also established our ESG regulatory and risk governance, embarked on property decarbonisation trials and launched our ESG supplier engagement platform, Greene King Engage at a conference for our leading suppliers. Our partnership with Macmillan Cancer Support went from strength to strength, raising £3.8m, and the development of a new joint Equity, Inclusion and Diversity initiative supporting people facing cancer diagnosis or living with cancer from underrepresented backgrounds. We grew our community activity even more with £253,000 of grants donated through our grassroots sports support programme, Proud to Pitch In, and 219 pubs delivered free meals through our Christmas Community Tables scheme. 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.

2023 highlights



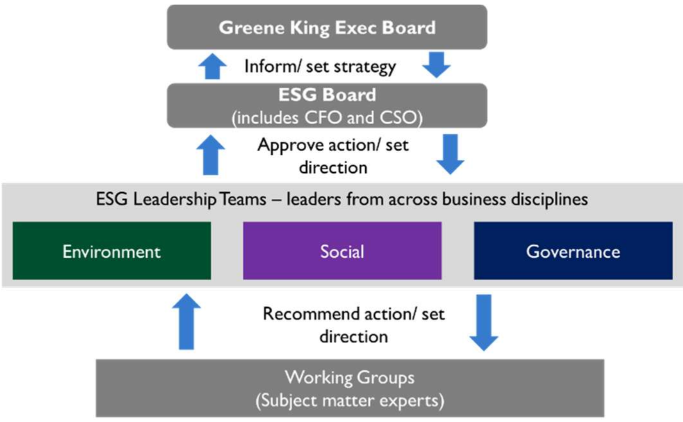
Role of ESG board and our approach

The ESG board is a committee of the executive board whose duties include:

- Oversee the development of the group's Environmental, Social and Governance strategy
- Identify and approve both short and long-term Environmental, Social and Governance objectives and KPIs required to deliver the strategy and review reporting
- Review the ESG risk profile, including climate related risks, at each meeting to ensure that the risks to achieving the objectives are being appropriately managed
- Coordinate and oversee the activities of the ESG working groups and act as an escalation point where required for relevant cross functional working groups
- Monitor external developments in respect of Environmental, Social and Governance issues and consider any implications for the group
- Develop and maintain the group's policies and practices in relation to Environmental, Social and Governance matters to ensure they remain effective, compliant with legal and regulatory requirements and industry standards and recommend these to the executive board for approval

The board is chaired by the Chief Communications and Sustainability Officer and includes the Chief Financial Officer, the Managing Director of Greene King pubs, our Director of ESG and Sustainability, and other senior leaders from our Marketing, Risk, Operations and People teams. Regular reporting back to the executive board is in place.

In 2023 we further enhanced our governance structure by introducing Environment, Social and Governance leadership forums, comprising our working group leads, who are subject matter experts. These new forums report recommendations to the ESG Board.



Our Strategy

Environment

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

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

We see our role as supporting our customers to reduce their environmental footprint. We can do this in a number of ways. Through adapting our pub environment so that sustainability is at its heart, through innovation across our menus and lower carbon dishes and by providing solutions for customers to reduce food waste at the point of serve. We can also provide them with community assets such as EV chargers in our car parks, enhanced bio-diversity in our gardens, that in turn supports individual wellbeing, through sourcing responsibly so customers visit our pubs in the knowledge our products are of the high standard they expect and through low carbon packaging solutions.

Through our near-term science based target and our public commitment to our net-zero target we will drive our carbon footprint down through the procurement of renewable electricity, introducing energy efficiency measures and solutions, as well as working with our suppliers on their emission hotspots and introducing new and innovative circular business solutions.

Social

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

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

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

We care and it's what makes us proud.

Our key social pillars are charity, community, social mobility, inclusion and diversity, and wellbeing.

Governance

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

We made the decision in early 2022 to put climate science at the heart of our environment strategy. We've committed to setting near term and net-zero targets through the Science Based Targets Initiative and reporting our progress to reducing our GHG (Greenhouse Gas) emissions across scopes 1, 2 and 3 through our annual report. Our near-term targets to reduce GHG emissions across scopes 1, 2 and 3 by 50% by 2030 were approved by SBTi in February 2023. We have also publicly stated our intention to reach carbon net-zero by 2040 and will seek approval for this target via SBTi. Alongside this we remain committed to reducing our food waste in line with the Courtauld Agreement by 50% by 2030. In addition to committing to these targets and reporting against them, we also report ESG data via our parent company CK Asset Holdings Limited, listed on the Hong Kong Stock Exchange.

In 2023 we introduced an ESG operational risk register and a supplier engagement platform. In February 2024 our ESG software and reporting platform went live.

Our Commitments

Environment	Social
Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year	Raising £18m for charity by 2025 from 2012
Reduce absolute scope 3 GHG emissions 50% by 2030 from a 2019 base year	Add 5,000 new apprentices by 2025, taking us to a total of 20,000
Reduce food waste by 50% by 2030 from a 2019 base year	Support 300 more prison leavers by 2025
Carbon net-zero year by 2040	Support 100 interns with Special Educational Needs or Educational Health Care Plans into work experience or employment by 2025
	Help 1,000 young people from underprivileged backgrounds through The Princes Trust and other partnership programmes
	Increase Black, Asian and minority ethnic representation in the business - by 10% by 2030 including leadership from 6% to 12%, senior managers from 3% to 10% and managers from 4% to 10% by 2030

Review of 2023

In 2023 we prioritised the development of our detailed strategic plans for our roadmap to net-zero, our longer-term community strategy, our scope 3 supplier strategy (with the launch of our ESG engagement platform), enhancing our governance with new Environment, Social and Governance Leadership team structure and our first Taskforce on Climate-Related Financial Disclosures (TCFD) report. In the year we completed our second detailed consumer piece of research report to support our consumer facing strategy and conducted a survey of our employees on our Environment & Social strategy driver.

Whilst good progress has been made on environmental targets, we recognise that we, along with the rest of our industry, have much more to do. Delivery of our long-term commitments will continue to require significant changes to our supply chain and some change in customer behaviour.

Environment

Property Decarbonisation

2023 saw significant capital investment into decarbonising our properties. Over £7m was invested in the following areas:

- Rolling out voltage optimisation equipment to 600 of our managed pubs (308 completed at year end), which will deliver reductions in our electricity usage of over 14 gigawatt-hours (2023 impact 1.7 gigawatt-hours), and reduce our carbon footprint by 7,000 tonnes of CO_2 and CO_2 equivalents.
- Installing 'Internet of Things' (IOT) technology into our Farmhouse Inns business unit. This gives us real-time data on energy usage and analysis on equipment use, allowing targeted site-level actions to reduce consumption. The project is estimated to save 2.5 gigawatt-hours of energy annually, as well as to improve the longevity of equipment through pro-active maintenance.
- Solar panels trails were launched on one of our support centres and one of our pubs. We anticipate that these installations will generate between 6-10% of demand at each site and importantly provide valuable learnings for any future rollout of the technology.
- We launched a trial of alternative heating technology. Air source heat pumps have been installed at two of our pubs, providing low-to-nil emission heating and hot water. We will monitor the impact on energy consumption, and customer and team comfort, over the coming months to understand the longer-term viability of heat pumps in the estate.
- Analysis of future power upgrade requirements for our managed business including £110,000 invested in the implementation of 7 upgrades to pubs alongside investments.

13 of our key property suppliers attended our ESG supplier conference in October and have subsequently completed our supplier platform initial assessment survey, providing data on their own decarbonisation journeys. All repairs and maintenance suppliers will be migrated onto the supplier engagement platform in early 2024.

Renewable Energy & Infrastructure

Having previously committed to procuring 100% renewable electricity by 2025, in late 2023 we purchased Guarantee's of Origin (GoO) covering a very small period in 2023, and all of 2024 and 2025 delivering on our commitment earlier than expected. We continue to explore longer term options such as Power Purchase Agreements. During the year we completed a review of existing un-used landbank for the possibility for renewable generation.

Sustainable Farming & Procurement

The focus for 2023 was the establishment of our ESG supplier engagement platform, Greene King Engage. Designed to support two-way conversations between Greene King and our suppliers, the platform enables us to provide training, information on various ESG related topics, and a clear guidance on Greene King's approach to long-term supplier collaboration and relationships. As our supplier engagement strategy matures the platform will be the tool to collect supplier data, information and certification and track against targets. The platform was launched at a supplier 'Greene King for Good' conference in October with 200 food, drink, property and IT suppliers invited. These suppliers were then migrated onto Greene King Engage with 94% completing an initial kickstart assessment by the year end. This survey covered questions on carbon emissions, human rights, bio-diversity 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.

In addition to the platform launch, we have worked closely with suppliers to identify challenges in and find solutions for the decarbonisation of our supply chain. Examples of collaborative projects to reduce emissions include a switch to procuring vertically farmed herbs and greens in conjunction with a farmer and our fruit and vegetable supplier.

During the year we completed Forestry, Land and Agriculture Guidance (FLAG) calculations introduced by SBTi. We await final FLAG guidance in 2024 before submission to SBTi for verification alongside our net-zero Target.

Sustainable Brewing

In our brewing division, we installed new centrifuges in our Bury St Edmunds brewery that are more energy efficient and use less cooling water than the previous equipment. We also sought to implement operational efficiencies in our processes to reduce wastage.

Waste, Packaging, Water & Biodiversity

Aligned to our commitment to halve food waste by 2030 from a 2019 baseline, in 2023 we ran a trial project to assess new and more accurate methods for measuring food waste. The trials were designed to enable better understanding of the sources and causes of food waste. Three different measurement methods were trialled, each in a small number of pubs; manual measurement by employees in the pubs, use of an AI solution, and tracking waste by comparing ingredients purchased and food sold.

We continued our partnership with Too Good To Go (a platform that connects customers to unsold surplus food) in 2023, with an estimated 261,000 meals saved. During the year this partnership passed the 500,000 meals saved milestone.

Our ongoing sustainability dialogue with suppliers in 2023 led to a collaboration project with a supplier of berries, with them saving 50 tonnes of plastic waste annually across all of their customers, not only Greene King, by switching to using FSC certified paper packaging.

In 2023, we removed 1.3 million pieces of plastic cutlery and 3 million disposable plastic glasses from our properties. We replaced our plastic cakeaway boxes with a cardboard solution, which will remove 1.2 million plastic boxes from our estate. We also removed single use items normally used at Christmas, such as party poppers, blowouts and gift boxes, which equated to more than 800,000 single use items.

In January 2023, we collected approximately 24,000 empty sweet and chocolates containers through our Tub2Pub circular recycling scheme. This scheme gives people the opportunity to bring their containers to our pubs after Christmas to be processed, with more than three tonnes of plastic diverted away from landfill. The granulated plastic is repurposed into garden furniture and monies from the plastic sale were donated to our charity partner, Macmillan Cancer Support.

We completed biodiversity projects in 10 of our pubs and our Dunbar brewery in 2023, improving biodiversity through initiatives such as providing habitats for insects and birds, planting trees and wildflower meadows, and collaborating with the Gloucestershire Canal & Wildlife Trust at our pub the Fromebridge Mill to clear sections of the local river to encourage wildlife back into it.

In 2023 we also ran a water efficiency trail, installing Automatic Meter Reading (AMR) loggers at 50 of our sites. These AMRs 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.

Energy Efficiency

In 2023, we used a number of different activities and tools to identify opportunities to reduce our energy usage. We contracted with a specialist auditor to perform Energy Savings Opportunity Scheme (ESOS) audits on an expanded sample of sites, which will tie how we use energy and the savings opportunities to our net-zero strategy. Our Greene Habits programme continued to provide support to our operational teams through resources focused on driving behavioural change in our pubs and hotels. We also used an AI solution to analyse historical energy usage across a sample of 140 sites to identify specific energy savings opportunities, the learnings of which will be shared with our operations teams and incorporated into our Greene Habits programme.

Energy usage and greenhouse gas emissions

The table below has been produced in compliance with the requirements of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013. In line with the validation of our near-term Science Based Targets with the SBTi, we are now committed to reporting a full greenhouse gas (GHG) inventory, including scope 3. Our baseline year has been set as 2019, and this has been compiled with assistance from the Carbon Trust, using the GHG protocol standards. Due to mandatory reporting guidelines, we have quoted scope 2 emissions using both the location-based and market-based approach; Greene King have opted to use the market-based approach in their near-term target setting. The location-based approach uses the average emissions from power generation for the UK power grid as a whole. A market-based approach uses emissions data from the specific electricity tariff used in operations, or if not available, the emissions from the residual UK grid average after removing renewable electricity sources that have been claimed by retail consumers.

Scope 1 relates to the direct emissions from the fuels we use in our breweries, pubs, restaurants, hotels and offices, such as natural gas and liquid petroleum gas. It also includes emissions from owned vehicles (including company cars) but excludes logistics where we outsource this to third parties. Refrigerant gas and F-gas emissions in respect of our breweries, pubs and restaurants are also included. Scope 2 relates to the indirect emissions associated with the generation of electricity consumed in our sites. We have used the UK government's Greenhouse Gas (GHG) Conversion Factors for Company Reporting for all scope 1 emissions. GHG emissions from refrigeration and air conditioning units have been determined using the simplified material balance method as described in the Environmental Reporting Guidelines 2013.

Scope 1 and scope 2 emissions (with the exception of the brewing process) are calculated using emissions factors published by the department for energy security and net-zero. Brewing process emissions factors are an estimate from the Carbon Trust, who assisted in producing our 2019 baseline emissions.

Scope 3 relates to all other upstream and downstream activities present in our operations, and these emissions have been estimated using a combination of two frameworks. Firstly, where available, verified volume data has been multiplied by a sector specific emissions factor to calculate the annual emissions. Secondly, where volume data is not available, spend data has been multiplied by Environmentally Extended Input/Output data (EEIO) factors. Efforts are being made to improve this data quality, by engaging with our supply chain to understand their product specific emissions factors.

Energy usage

We have improved the transparency of our energy usage by including a more detailed split of 'other fuels', as well as including scope 3 distribution and travel usage. Our calculation methodologies for energy usage are as follows:

- Natural gas and electricity consumption is captured via a mixture of smart meters and manual reads and collated by our third-party energy consultant, with all of the readings available in their data system. This system allows us to report group wide consumption in real time.

- An annual statement for propane, gas oil, and kerosene purchases is provided to us by our suppliers. This is converted from litres to kWh using fuel properties data published by the department for energy security and net-zero.
- Fuel usage from distribution is collated from separate sources. We capture fuel usage in our own distribution depots, and are provided with annual usage figures from our distribution partners. All of these amounts are converted from litres to kWh using fuel properties data published by the department for energy security and net-zero.
- Business mileage data is collected using employee expense claims. These mileage figures are converted to kWh using estimates on fuel efficiency (split by fuel type and vehicle classification) and fuel properties data published by the department for energy security and net-zero.

We have seen material shifts in our energy usage since our baseline year:

- Our natural gas and electricity usage in 2023 is impacted by a full year of inclusion of our new Hickory's business. Excluding this impact, total gas and electric kWh dropped by 3.0% from 2022 and is now 14.8% lower than our 2019 baseline. These reductions are a combination of targeted investments in energy efficiency projects, as well as efforts by our team members in our pubs. Energy efficiency remains a target on our group Dartboard. Other fuels have dropped 2% since 2019.
- Our business travel mileage has increased from 2019, however we have introduced policies to reduce the energy usage of these journeys. Our company car options have an increased number of hybrid or fully-electric vehicles, our policy has a limit on the emissions level of traditional combustion engine cars, and we have introduced a further salary sacrifice option to our employees focusing solely on electric vehicles. Electric vehicle milage is now 12% of our total company car mileage.

Greenhouse gas emissions

Our 2022 and 2023 greenhouse gas emissions have been verified by the Carbon Trust, in accordance with ISO14064-3.

- Our scope 1 and 2 emissions movements follow the changes in energy usage, with one exception. The emissions factor for location-based scope 2 electricity increased by 7.1% in the year, due to the UK grid energy mix. This has caused an increase in emissions despite a drop in energy consumption.
- Scope 3 emissions have largely changed due to the following:
    - Underlying trade
    - More accurate methods of calculating specific categories. As an example, using clock-in data to more accurately record emissions from employee commuting. Previously we had used average employee assumptions
    - New datasets that have increased our understanding of specific categories. As an example, we now have exact fuel usage data from our distribution partners. Previously we had used estimates of delivery distances.

The improvements in the data used in our emissions modelling will help us better target emissions hotspots and help drive conversations with our supplier and contractor base, alongside our Greene King Engage supplier platform. For the first time in 2023, we also received product specific emissions data – the collection and implementation of these datasets are the first step in reducing our scope 3 footprint.

Emissions Scope	**Energy Consumption (kWh)**[1]	**2023**	% change to Baseline	2022	Baseline Year 2019
Scope 1	Natural Gas	**281,591,986**	-16.2%	279,423,372	336,169,441
Scope 1	Propane	**15,287,762**	0.2%	14,025,485	15,250,749
Scope 1	Gas Oil (Heating Oil)	**1,056,896**	-31.5%	1,552,437	1,543,254
Scope 1	Kerosene	**1,143,246**	9.9%	561,792	1,040,668
Scope 1	Diesel – Owned Distribution [2]	**2,742,350**	n/a*	2,942,488	n/a*
Scope 2	Electricity	**300,273,318**	-9.5%	305,985,391	331,621,314
Scope 3	Diesel – Leased Distribution [2]	**16,030,547**	-10.4%[5]	16,937,452	20,941,892
Scope 3	Diesel – Distribution Partners [2]	**45,453,700**	n/a*	44,930,967	n/a*
Scope 3	Diesel – Business Travel [3]	**4,096,355**	n/a*	4,484,223	n/a*
Scope 3	Petrol – Business Travel [3]	**5,320,454**	n/a*	4,119,925	n/a*
Scope 3	LPG – Business Travel [3]	**45,224**	n/a*	12,480	n/a*
Scope 3	Electric – Business Travel [3]	**243,480**	n/a*	24,493	n/a*
Scope 3	Unknown – Business Travel [3]	**5,734,662**	14.0%[6]	6,285,279	13,546,350
	Total	**679,019,981**	-5.7%	681,285,784	720,113,669
	Like for like basis [4]	*633,566,280*	*-12.0%*	*636,354,818*	*720,113,669*

1 Due to the timing of our reporting, our energy usage may include a small number of estimated or disputed meter reads but represents the most accurate data we have at this time. Our prior year comparative has been amended to reflect updating of meter reads.

2 Based on fuel data collated from our distribution depots & distribution partners. Greene King depot usage split between scope 1 and scope 3 based on the vehicle ownership status.

3 Based on expense claims for business mileage, and fuel card usage. Unknown vehicle types cover personal car usage.

4 Excluding diesel usage by our distribution partners – this data is unavailable for our baseline year.

5 Comparison to baseline is the total owned + leased distribution energy as 2019 data cannot be split.

6 Comparison to baseline is the total business mileage energy as 2019 data cannot be split by type.

Emissions (tonnes CO2e)	**Source of emissions**	**2023**	% change to Baseline	2022	Baseline Year 2019
Scope 1	Natural gas	**51,511**	-16.7%	51,006	61,805
	Propane	**3,273**	0.1%	3,003	3,271
	Gas Oil (Heating Oil)	**271**	-31.6%	403	396
	Kerosene	**282**	9.7%	139	257
	Diesel - Owned Vehicles	**691**	n/a*	678	n/a*
	Refrigerants	**6,322**	585.7%	5,331	922
	Brewing process	**3,199**	-23.1%	3,274	4,162
Total direct emissions scope 1		**65,549**	-7.4%	63,834	70,813
Scope 2	Electricity (location based)	**62,179**	-26.6%	59,171	84,762
Gross emissions (location based)		**127,729**	-17.9%	123,006	155,575
Scope 2	Electricity (market based)	**115,111**	-7.9%	117,301	125,026
Gross emissions (market based)		**180,661**	-7.8%	181,135	195,839
Group revenue (excluding pub partners) (£m)		**2,192**		2,004	1,761
Scope 1 & 2 tonnes CO2e per £m turnover (market based) [1]		**82.4**	-25.9%	90.4	111.2
Scope 3	Purchased goods & services:				
	Food	**312,643**	-7.0%	308,217	336,135
	Drink	**169,865**	-18.9%	165,328	209,360
	Other	**140,816**	15.1%	115,112	122,333
	Total purchased goods & services	**623,324**	-6.4%	588,657	667,828
	Fuel production & transportation	**29,530**	1.0%	30,020	29,243
	Upstream transportation	**76,832**	40.6%	78,936	54,654
	Waste generated in operations	**1,511**	81.8%	1,390	831
	Business travel	**8,204**	219.1%	6,063	2,571
	Employee commuting	**15,719**	-31.7%	13,308	23,007
	Upstream leased assets	**416**	n/a*	256	-
	Downstream transportation	**6,538**	44.0%	7,000	4,539
	Disposal of sold product	**631**	-86.4%	3,978	4,628
	Downstream leased assets	**32,848**	-23.5%	32,545	42,946
Total indirect emissions scope 3[3]		**795,552**	-4.2%	762,153	830,247
Total emissions (location based)		**923,281**	-6.3%	885,159	985,822
Total emissions (market based)		**976,213**	-4.9%	943,288	1,026,086
Group revenue (£m)		**2,375**		2,176	2,184
Total tonnes CO2e per £m turnover (market based)[2]		**411.0**	-12.5%	433.5	469.8

1 Using combined managed pubs and Brewing & Brands turnover. The vast majority of our scope 1 & 2 emissions are generated in these two divisions.

2 Using total group turnover.

3 Our total scope 3 emissions cover all categories with the exception of category 11b (indirect use phase emissions of sold products). This covers the usage of electricity to refrigerate our beers. As we have extremely limited data and influence here, we have chosen not to report on these emissions. If included, they would represent less than 1% of our total carbon footprint.

Water savings and waste

The increase in water savings and waste detailed in the table below is consistent with increased pub trading in 2023 compared to the slightly Covid-impacted 2022.

Water	52 weeks up to 31 December 2023	52 weeks up to 1 January 2023
Water saved (m^3)[1]	**193,409**	179,656
Average daily usage saving (m^3)[1]	**528.90**	492.20
Pints of water saved per day	**930,736**	866,165
Water audits	**327**	321
Reduction in billing (ongoing savings)	**£581,887**	£516,332
Refunds achieved	**£127,383**	£370,856

[1] Water saved by identifying, detecting and fixing leaks

Recycling	52 weeks up to 31 December 2023 Tonnes	%	52 weeks up to 1 January 2023 Tonnes	%
Waste diverted on site	**38,838**	**68**	40,052	70
Waste sent to Energy from Waste (EFW)	**14,984**	**26**	11,046	19
Waste sent to Mixed Recycling Facility (MRF)	**2,646**	**5**	5,838	10
Waste sent to Landfill	**318**	**1**	468	1
	56,786	**100**	57,404	100

Social

2023 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.

Charity partnership with Macmillan Cancer Support

2023 was our highest fundraising year to date with £3.8 million raised, an increase of £0.8 million over 2022. This was achieved with a new renewed focus on little and often 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 divisions. During the year, with the integration of new handheld payment systems in pubs, we were able to expand our Pennies partnership to include contactless payments, resulting in £602,000 of donations. In January we pledged to donate the first £1million raised to Macmillan Cancer Support's grant appeal, supporting people living with cancer with financial grants. With cost of living especially impactful for people living with cancer and often unable to work, our teams rallied around the cause. By May we reached the target and continued to focus on the key fundraising periods of Macmillan May and 'We Love Macmillan Nurses' in September and October. £1m donated to the grants appeal supported almost 3,000 people with the average grant being £300. Fundraising activities ranged from coffee mornings, car washes and cake sales to a new Big Quiz which took place live and simultaneously across 900 pubs. Other activities included Sea to Summit cycling, walking and kayaking challenge, football and cricket tournaments as well as a supplier Gala Ball. The total raised to date since the beginning of this partnership is now over £17 million. The achievements of this partnership were recognised with three awards at 2023's Corporate Engagement Awards – gold awards for Most Effective Long-Term Commitment and Best Collaborative Approach and Silver Award for Best Charity, NGO or NFP Programme.

We continued to provide Cancer in the Workplace training for line managers to support team members living with cancer or those who are caring for someone who is. Collections took place at both support centres for care packages for people living with cancer and were donated in December to the Macmillan Cancer Support unit at West Suffolk Hospital in Bury St Edmunds.

New for the partnership for 2023 was a joint equity, inclusion and diversity initiative led by Macmillan Cancer Support to promote the understanding of and access to cancer support for people in under-represented and diverse communities with poorer cancer outcomes. The project will work in areas of economic deprivation and with ethnically diverse communities and a proportion of the funds raised by Greene King team members and customers will directly support the initiative.

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 a sense of belonging. During the year our pubs continued to provide a haven for people experiencing loneliness or isolation through the many community group activities under our initiative, No One Alone (expanded in 2024 to become our Closer Communities programme). No One Alone includes our Christmas Community Table concept, running for its second year in 2023 with 219 pubs offering community tables of six to people who otherwise be alone on the festive day. 831 Christmas lunches were donated to customers in our communities, bringing them together to enjoy the day with others in our pubs. In 2023 our Venture Hotel division entered into a trial with Carefree, a charity that transforms vacant hotel rooms into free stays for carers.

Since its inception our grassroots sport community scheme, Proud to Pitch In has gone from strength to strength. The scheme provides grants to sports clubs and groups all across Britain supporting them with grants up to £4,000 for equipment and the cost of running community sports groups. Established by our Brewing & Brands division, 10p is donated by Greene King from every pint of Greene King IPA and 50p from every 4x500ml can pack sold. In 2023 £253,000 in grants were distributed to 81 clubs ranging across twenty sports from netball to rowing and from bowling to pickleball. To date Proud to Pitch In has donated £645,000 to 238 clubs, enabling 59,000 people to continue to play the sports they love in their community.

We continue to support charities and causes that remain important to our team members and customers. During the year £366,000 worth of food, equating to 97,500kg, was donated direct from depots to foodbanks including Bread & Butter Thing, Felix project and City Harvest.

We have donated c. 500 tablets to 2econd Chance to be refurbished and re-sold at affordable prices, providing essential funding and also training for people with disabilities.

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 continued in 2023. 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. The company also donated £10,000 to the Disasters Emergency Committee for its Turkey & Syria earthquake appeal with a further £2,000 made as matched funding for team member donations.

Social Mobility

In 2023 we made further progress towards our Untapping Potential commitments, which promote the role of the pub in levelling up skills, jobs and communities.

In the year we launched our first Greene King Sector-Based Work Academy (SWAP) with Department for Work and Pensions (DWP) and UK Hospitality in London, supporting eight candidates with placements, four of whom secured permanent employment within Greene King. We are continuing the programme in 2024 with a pilot in Cardiff. 347 apprentices achieved their qualification in 2023 with a further 944 new apprentices commencing an apprenticeship. We expanded our apprentice chef academy and supported 152 apprentices. Our apprenticeship offer now stands at over 35 different qualifications available to our team members. New apprenticeships introduced in 2023 included Solicitor (Level 7) & Advanced Credit Control (Level 3). We continue with representation on apprenticeship and industry boards including Hospitality Apprenticeship Group (UKH), Institute for Apprenticeships and Technical Education Trailblazer Groups as well as supporting national campaigns including National Apprenticeship Week, Hospitality Apprenticeship Week, GCSE/A-Level results to increase awareness. Since launching our apprentice programme in 2011 we have supported a total of 17,200 apprenticeships. In 2022 as part of our Untapping Potential report we committed to supporting an additional 5,000 apprenticeship by end of 2025. To date we have supported 2,275 since 2022.

During 2023 we conducted a pilot scheme with Springboard, in partnership with Diageo and their 'Hospitality for life' SWAPs programme, to provide company insight and work experience placements across 13 programmes. Through the scheme we engaged 136 candidates and provided 19 work trials.

Our Supported Internships programme, helping young people with special educational needs to gain work experience, continued to expand during the year alongside our partners Landmarks Specialist College and Mencap. We provided thirty supported intern placements in 2023, with twenty-three completing the internship and over 80% securing permanent employment with Greene King. Several remaining candidates also secured employment with other employers as a result of the internship programme and experience. We currently have two interns, since recruited into employment, enrolled onto a level 2 apprenticeship.

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, a total of 222 since the programme started in 2019. Of these 91% of candidates entered back of house roles. 17% of candidates are female, despite less than 5% of the prison population being female, and 22% were from Black, Asian and minority ethnic backgrounds. We continue to work closely with our partners including Only a Pavement Away to recruit candidates an provide vital emotional and practical support to them for a year upon release from prison. We were named Only A Pavement Away's first strategic partner.

Our first Greene King Training Academy at HMP Thameside continued to offer accredited City & Guilds chef training alongside bespoke Greene King specific training, which includes masterclasses on classic dishes from our menus on installed kitchen equipped to mirror a Greene King pub kitchen. During the year we launched our second academy with HMP Grampian in Scotland with the support of the Scottish Prison Service. Working closely with Ministry of Justice (MOJ) and New Futures Network (NFN), expansion in further prisons is scheduled in England in 2024.

We continued to be a leading employer piloting prison apprenticeships, with our first candidate to complete their end point assessment in February 2024. In the last twelve months we have delivered Greene King employability events in over 60 prisons and 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 on careers with us, over a two-week period. As a result, we were awarded Platinum Partner status from MOJ and NFN. Greene King has maintained close links with numerous prisons chairing two of HMP Employment Advisory Boards at HMP Northumberland and HMP Altcourse. We continue to provide guidance and support to encourage more employers to offer opportunities to prison leavers attending industry and ministerial roundtable discussions to identify ways to improve recruitment processes as well as consultations with government and shadow government ministers on employability from prisons.

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.

With programmes previously launched such as Reverse Mentoring in 2022 continuing to roll out and the further growth and influence of our four Employee Led Inclusion Groups (ELIGs) we also focused on enabling our managers and leaders to lead in an inclusive way and understand their role in supporting inclusion to become a reality. We further embedded our inclusive leadership training programme. We partnered with external specialists to offer mentoring for our female talent alongside our leadership development programme to support our public commitment during International Women's Day to reach gender parity at leadership levels by 2030.

To widen the impact and engagement of our team members and support our diverse recruitment efforts we launched an inclusion podcast series entitled Pint of Perspective. Available to stream not only on our careers site but through public platforms such as Spotify, this aims to create more readily consumable and engaging content that represents our inclusion journey. This initiative was supported by and featured members of our four ELIGs. Fronted by real Greene King people sharing their own personal stories and motivations for supporting the organisation in becoming a more welcoming place for all, the series has demonstrated the passion of our people and power of storytelling in inspiring people to think differently.

Further to this we are continuing our commitment to sharing the lived experiences of our minority populations and supported by our annual Inclusion and Diversity calendar we recognised and celebrated many inclusion topics with events, awareness campaigns and learning opportunities for our teams. Aligned to our wellbeing plan this also led to our support of different causes highlighted by our ELIGs including mental health campaigns, Andy's Mans Club, Burnt Chef Project and the LGBT Switchboard for whom we raised £50,000 enabling them to continue to offer needed and valuable support to the LGBTQ+ community.

Wellbeing

Our team member wellbeing efforts focused on two campaigns that signposted and raised awareness of the support in place including our Employee Assistance Programme, Mental Health First Aiders and our employee discount schemes. During the year we also launched our Gender Identity policy and Menopause & Menstruation policy, both supported by awareness guides, and enhanced our family friendly policies including on Paternity and Adoption leave.

We continue to offer support and financial assistance through our Team Member Support Scheme, administered independently on our behalf by Licensed Trade Charity, to support any team members facing financial hardship. £76,349 of support was granted in 2023.

Awards

During 2023 we were honoured to have been awarded:

- Corporate Engagement Awards (Gold) - Most Effective Long-Term Commitment (Macmillan Cancer Support partnership)
- Corporate Engagement Awards (Gold) - Best Collaborative Approach (Macmillan Cancer Support partnership)
- Corporate Engagement Awards (Silver) - Best Charity, NGO or NFP Programme (Macmillan Cancer Support partnership)
- FT & Statista Europe Climate Leaders 2023
- Social Mobility Awards, Best Recruitment Programme

Modern Slavery

In June 2023 we launched our three year action plan to reduce the risks of modern slavery within our business and supply chain.

Year 1

Strategic
- Creation of Modern Slavery Statement
- Define vision within our brand values
- Develop 3-year strategy
- Establish supplier engagement platform
- Establish working group

Policy
- Develop an escalation policy to manage reported incidents
- Include concerns about modern slavery in qualifying disclosures in whistleblowing policy

Training & awareness
- Promotion of whistleblowing pathways
- Training for modern slavery working group

Year 2

Strategic
- Develop a system to assess supplier risk

Policy
- Develop modern slavery policy
- Develop supplier code of conduct
- Develop procurement policy

Training & awareness
- Training for Exec Board
- Develop modern slavery induction programme

Year 3

Strategic
- Host supplier events
- Invite Pub Partners to engage with Greene king's modern slavery values and goals

Policy
- Expand whistleblowing policy to third party employees

Training & awareness
- Develop toolbox talks/ communications to educate and signpost reporting pathways for third party employees
- Embed awareness & response training (Pub Partners Safe Start, Go for Growth and On the Job Tenant Training)

During the six months to the end of the year significant progress has been made. Our Modern Slavery working group, established in 2022, was expanded to include representation from across functions and divisions within the business. In October we launched Greene King Engage, our ESG supplier engagement platform, at a supplier conference for 200 key food, drink, IT and property suppliers during which our CEO and Chief Communications and Sustainability Officer talked about the importance of human rights within our supply chain. Our partners Slave-Free Alliance held a stand at the conference, highlighting the importance of knowing the risks of modern slavery. All businesses who were invited to the phase one launch of Greene King Engage subsequently were also invited to complete a kickstart assessment survey which included extensive range of questions on their approach to human rights and minimising the risks of modern slavery.

Responsible Retailing

During 2022 Greene King worked alongside Best Bar None, the Home Office backed responsibility scheme for licensed businesses, to develop a national accreditation scheme for multiple operators that could then be expanded across the sector. In 2023, Greene King became the first operator to accredit all its pubs across it two managed businesses, Greene King pubs and Destination Brands. In total 1,498 pubs completed the accreditation with a pass rate of 100%. The scheme which covers a wide range of responsibility topics from gaming to staff welfare and community support, highlighted opportunities to build best practice across our businesses, raising standards. The scheme, when rolled out extensively across the sector, will boost the confidence of consumers, licensing authorities and police in licensed premises.

Through our Enjoy Responsibly scheme, published on our website and available through point of sale in our pubs, we offer consumer advice on responsible drinking. The Enjoy Responsibly page shares government guidance, tips on responsible drinking and the ways we are responsible retailers. We follow as a minimum, the 'Challenge 21' scheme or 'Challenge 25' scheme in our pubs and our tills remind our team members behind the bar to check. Every new bar team member completes bespoke Greene King training before they can serve alcohol, so that they understand their legal responsibilities and obligations, as well as the impact of alcohol on children. We also operate the Ask for Angela scheme across our managed pub estate supporting our teams with training to help customers if they find themselves in vulnerable situations.

Allergens and gluten
We provide full allergen information in all our pubs, restaurants and hotels, so that our customers can make informed meal choices according to diet and preferences, we're proud of our no-gluten containing dish range and vegan range across all of our brands. All of our team members undertake thorough allergen training in order to support all of our customers.

In 2023 we formed a strategic partnership with The Natasha Allergy Research Foundation to support the medical research looking at causes of and developing ways to prevent and treat allergic disease.

Healthy eating
Our aim is to serve great tasting, quality food and give customers a wide range of menu options that support a healthy balanced diet. All of our menus offer a variety of dishes alongside the calorie information to allow customers to make informed decisions. Our children's menus offer a range of choices, in line with the five-a-day government recommendations. Across Hungry Horse's children's menus we have worked alongside the Food Foundation to bring in more choices for parents around vegetable portions, continuing to offer two of your five-a-day with every main meal.

We are signatories of eight pledges within the Government's Public Health Responsibility Deal.

Responsible sourcing

Animal Welfare
Greene King has a robust animal welfare policy which covers all meat, poultry and fish, regardless of country of origin. We require all suppliers to comply with EU and UK animal welfare legislation including adherence to the Five Freedoms and sustainable fishing and statutory livestock codes of practice (including specific animal welfare standards for each species) as a minimum.

Antibiotics and Pharmaceutical Usage
The routine prophylactic use of antibiotics and pharmaceuticals across all species supplied to Greene King is not permitted.

Additives and food colourings
In line with current food additive legislation and guidance, Greene King is committed to work towards the exclusion of the use of the additives within products that are supplied to our business, including food colourings often referred to as the 'Southampton Six'.

Palm Oil
Greene King is committed to ensuring to obtain the relevant certification for all palm oil used in the supply chain by the end of September 2024, with all products containing palm oil to be certified by the Roundtable on Sustainable Palm Oil (RSPO).

Trans-fats
All products within our supply chain must be free from artificial trans-fats.

Zero Air freighted products or ingredients
During 2023 we introduced a new policy that no Air Freighted fruit and vegetables would be allowed into our business by March 2024 extending to Zero Air Freighted products or ingredients by September 2024.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Climate-related financial disclosures (CFD)

Introduced in January 2022, The Companies (Strategic Report) (Climate-Related Financial Disclosure) Regulations 2022 mandate that companies with more than 500 employees and more than £500m turnover report on group climate-related risks, how it impacts their strategy, and the KPIs and mitigation processes in place to lessen those risks. As Greene King meets these thresholds, we have included these disclosures below.

Introduction

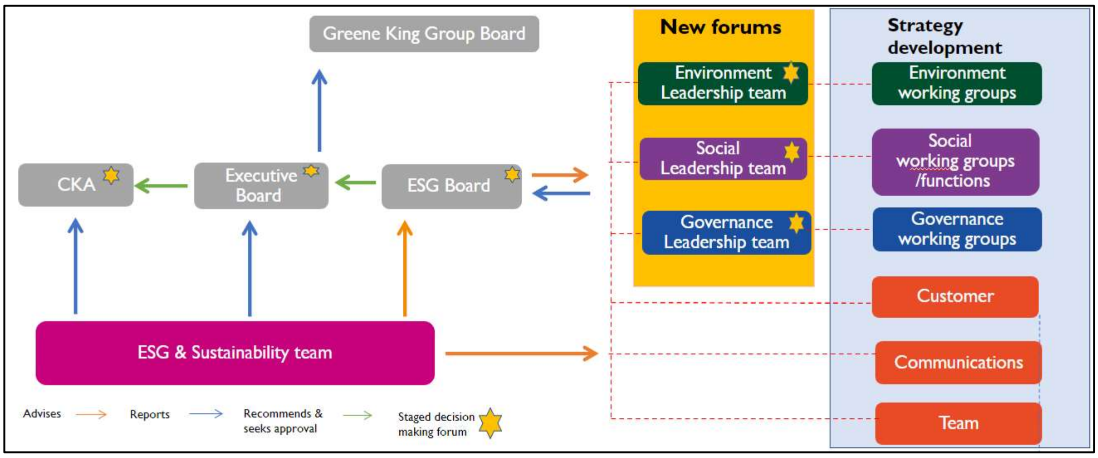
Over the past two years, Greene King has made significant progress in embedding Environment & Social (E&S) into the group's purpose and long-term strategy. 2022 was a foundational year, with Greene King achieving the following milestones, amongst others:

- Established an ESG board and working group structure.
- Added Environment & Social as a group strategy driver.
- Completed net-zero feasibility study and submitted our proposed near-term emissions reductions targets for approval by the SBTi (Science Based Targets initiative). which were approved in February 2023.
- Included a full GHG inventory (scopes 1, 2 & 3) in our annual report.
- Established an ESG risk register.

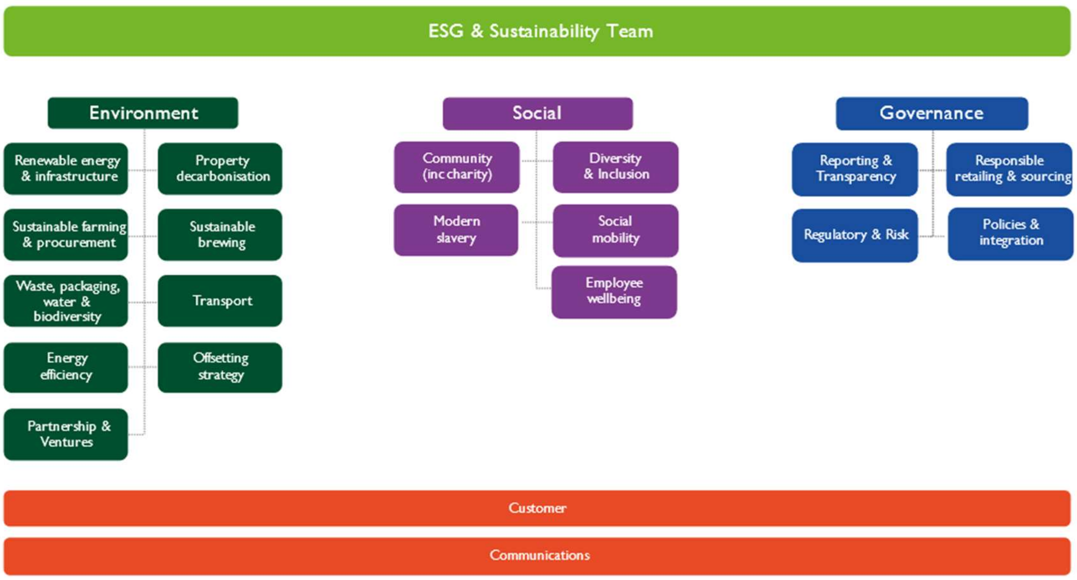
The final exercise we embarked on was a review of our entire business through a climate change lens, to understand the impacts that long-term climate change may have on our business model. The results of this exercise are reported below, along with the steps that Greene King is taking to ensure that any risks are embedded in our strategic plans, and our ability to capitalise on the opportunities that present themselves.

Governance Overview

During 2023, we made enhancements to our governance structure to upweight the support given to the E&S working groups. With new ESG leadership teams in place we have enhanced the breadth of experience deployed by the business in setting ESG strategy.
The diagram below highlights the flow of reporting and the advisory structure across Greene King. The ESG Board is responsible for recommending the ESG strategy and sustainability initiatives for approval by the executive board. This includes the approval of risk mitigation strategies, to combat the main climate-related risks highlighted by our CFD report.



Working Groups
ESG working groups, comprised of subject matter experts across the business, make recommendations to the ESG Board, including strategic areas of focus, delivery strategies, ways to improve sustainability and actions to mitigate Greene King's ESG risk exposure. Working groups are set out below:



Our environmental working groups are aligned to the hotspots from our environmental footprinting exercise. During 2022, these groups laid out their strategies to decarbonise the Greene King business and suggest appropriate options to build a more sustainable value chain. As an example, our property decarbonisation working group, led by our Director of Property Services, is responsible for setting a strategy to decarbonise our scope 1 activities, as well as engaging with our property contractors to build a more sustainable supply chain for the repair, maintenance, and refurbishment of our assets. Its priorities are:

- Ensuring our properties are 'net-zero ready' from an operational standpoint, surveying and upgrading (where applicable) power supplies in readiness for the switch away from gas to electric equipment.
- Exploring opportunities to improve efficiency in utilities, through new equipment or practices, or infrastructural upgrades.
- Trialling new technology to ensure we have a balanced risk mitigation strategy as we move towards net-zero.
- Understanding our supply chain's strategies and commitments to setting targets, and to begin a collaborative approach to cut emissions.

Working groups, which each have key areas of focus, play a key role in the day-to-day management of the climate-related risks outlined in our CFD report.
Our working groups are underpinned by our 'Customer' and 'Communications' workstreams.

- <u>Customer</u>: One of our values is 'Customer First' and one of the key focus areas of our net-zero strategy is 'to help customers make more sustainable choices'. To this end, we are ensuring that customer insight plays a fundamental part in the prioritisation of our sustainability investments. This working group is responsible for ensuring the views of our customers are understood by all our groups, leadership teams, and ESG board.

- <u>Communications</u>: It is essential that we build engagement from, and upskill, our stakeholders around our ESG strategy to maximise its impact. This includes highlighting the great progress we are making to both internal and external stakeholders.

Leadership Teams

Leadership teams have been established as a collective forum for all working groups leads on environment, social and governance; to provide council, collaboration, share best practice and stage one decision making prior to the ESG Board. Their primary responsibilities are to:

- Identify areas of collaboration between working groups and share best practice examples and case studies.
- Identify impacts of suggested initiatives on our group strategy, positive and negative, and ensure we have a considered view before moving to approval.
- Be the collective voice and representation of their area of expertise.
- Track against working group progress and targets.
- Review risks and opportunities and ensure mitigation actions are included in working group strategies.

ESG Board

The role of the ESG board is to propose the overall strategic direction, monitor progress and risks, and approve new initiatives. The board has been structured to include members of the Greene King executive board, as well as leadership team representation from across the business, consisting of the following:

- Chief Sustainability Officer *(1)*
- Chief Financial Officer *(1)*
- Divisional Managing Director *(1)*
- Director of ESG and Sustainability *(2)*
- Director of Risk & Assurance *(2)*
- Group Procurement & Supply Chain Director *(2)*
- Property Services Director *(2)*
- Insights Director *(2)*
- People & Culture Director *(2)*
- Operational Excellence Director *(2)*

1. *Member of Greene King executive board.*
2. *Member of Greene King leadership team.*

The ESG board meets on a quarterly basis (at minimum) to be informed of new initiatives, give guidance and approval where applicable, and discuss the progress made against our targets and commitments.

Ultimately it is the responsibility of the working groups (which contain our subject matter experts) to identify new and emerging climate related risks and opportunities, to inform our leadership teams and ESG board of these risks, and to manage the mitigation of these risks via the targets and metrics that have been agreed.

Risk Management

In 2022, the introduction of Environment and Social (E&S) as a strategy driver was complemented by adding an ESG focused risk onto our group risk register. This was to highlight the importance of delivering on our E&S strategy and the downside of failing to adapt to a world impacted more and more frequently by climate change. As part of this headline risk, a key mitigation action was the production of a robust CFD risk analysis to implement into our strategic planning cycle.

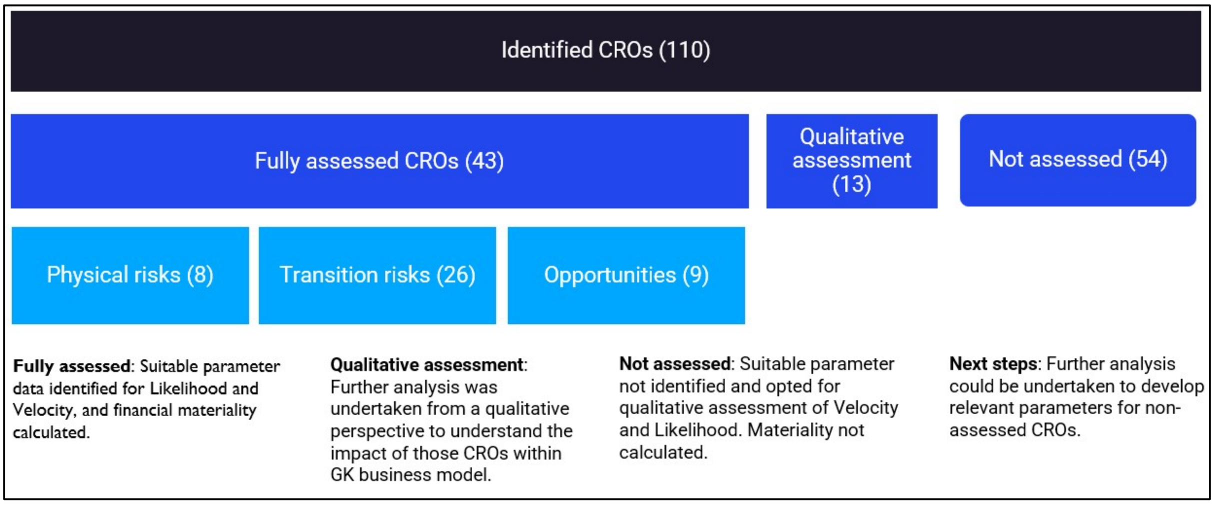
Climate-Related Risk Identification

In determining the most material climate-related risks and opportunities, Greene King enlisted the assistance of a sustainability consultancy, the Carbon Trust, to ensure that the outputs were formed using a scientific, data-led approach. This risk identification was carried out at group level, and the steps taken to focus in on our top climate-related risks and opportunities (CROs) were as follows.

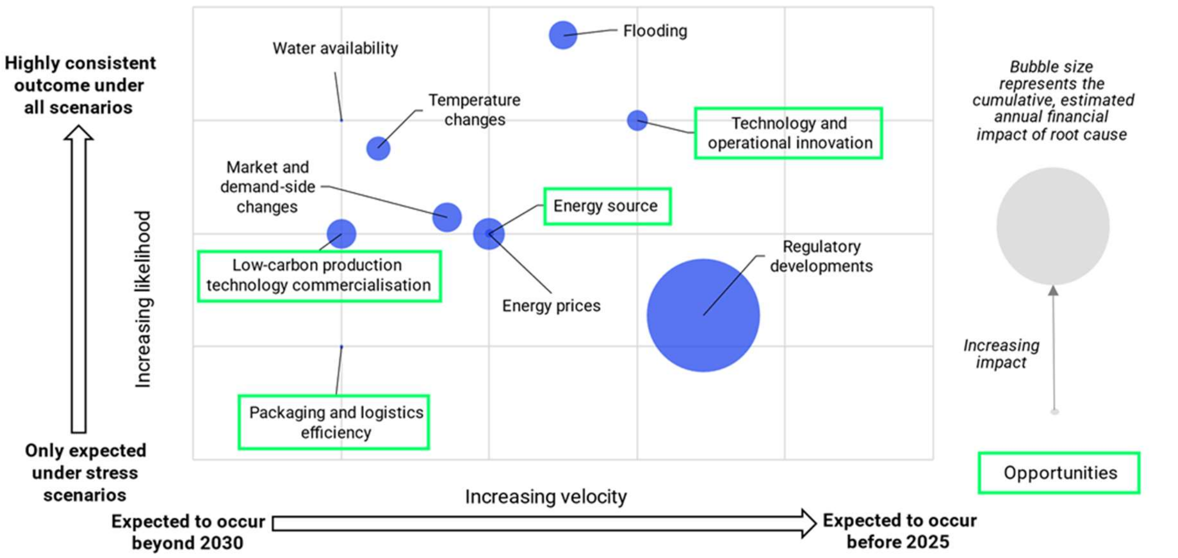
1. Interviews were conducted by the Carbon Trust and Greene King sustainability teams, with subject matter experts across the business. These experts were chosen across all areas of the Greene King value chain and aligned with our sustainability working groups.

2. For transitional risks, the data gathered from these interviews was overlaid against our carbon footprint data to identify hotspots in our scope 1 & 2 emissions, and scope 3 category 1 emissions (with food & drink procurement, and property services being the three main categories for higher scrutiny). We have used our 2022 data for scope 1 & 2, but scope 3 data is taken from 2019 due to 2022 data being unavailable at the time of analysis. 2021 and 2020 were not chosen due to the impact of Covid-19.

3. Using both data sets, a long list of CROs was established, and the Carbon Trust identified those that could be quantifiably modelled in order to assess their materiality. The table below analyses the split of quantitative, qualitative, and unassessed CROs. Any unassessed CROs will be reviewed periodically to understand whether a qualitative assessment can be made.



4. Using financial data from Greene King, and from external climate and financial models, the potential value of these risks was calculated. Overlaid with our risk-scoring matrix that considers financial impact, likelihood of occurrence, and velocity at which a CRO might evolve, a prioritised shortlist of CROs was produced.



5. This shortlist of risks was reviewed and approved by our ESG board.

It is our view that a full CRO assessment is unnecessary each year, unless there is a material change in the Greene King business structure or operating model. Our aim is that the CRO assessment will be completed every 2 years, albeit in the interim, materiality modelling can be updated using internal financial data. This will highlight any key changes in the risk profile of these identified risks, and any new or emerging risks will be highlighted by the business and working groups.

Management of climate-related risks, and integration into the organisation's overall risk management

The management of climate-related risks is consistent with the group's risk management processes, outlined previously in the annual report (page 18), but we have additional controls in place to ensure that climate-related risks are embedded.

- There is a group level principal risk for embedding and integrating our ESG strategies. This risk is aligned to our strategic driver 'Environment & Social (E&S)'.
- E&S has been added as a group risk impact area, and our risk assessment matrix has thresholds defined. All group risks are assessed against this impact area, as well as divisional / functional risks where applicable.
- A risk appetite level for E&S has been defined to give guidance to the business on making decisions that impact E&S.
- We have begun to embed E&S requirements into key control processes (for example, brand development) to ensure our risk exposure is considered when making business decisions.

In FY24, our focus will be around embedding these identified risks into divisional & functional risk registers.

Strategy Overview

Scenario Analysis

As per the climate risk identification process above (point 4), we used two specific climate scenarios to assess the financial materiality of the highlighted risks, compared against a separate baseline scenario. These are explained below.

1) RCP 2.6 (Representative Concentration Pathway), which is likely to keep global temperatures below 2°C by the year 2100. Described as a 'very stringent' emissions reduction pathway, this scenario will likely require high intervention in the form of regulation and potential carbon levies. We have used this scenario to estimate the potential impacts of our transitional risks.
2) RCP 8.5, generally taken as a 'worst-case' climate change scenario, with global temperature rise exceeding 3°C by the year 2100. We have used this scenario to estimate potential impacts of our physical risks.

The baseline comparison scenario used was RCP 4.5, described as an intermediate scenario, with global temperature rise kept within 2-3°C. This scenario is estimated using current policies, and other scenarios have been compared to this to establish the likelihood of risks occurring.

Short, Medium and Long Term Climate-Related Risks & Opportunities

Our risk identification and prioritisation exercise has been reviewed against four timeframes: 1) present (< 3 years), in line with our current and next financial planning cycle; 2) short term (3-5 years), in line with our strategic planning cycle; 3) medium term (6-10 years), in line with our near-term SBTi commitments (2030); 4) and the long term (10 years+), in line with our net-zero commitment year (2040). The table below highlights our key transitional and physical risks, the mitigation plans we currently have in place, and the changes we intend to make to ensure that long-term risks are included in our strategic thinking.

Our transitional risks have been modelled against the RCP 2.6 pathway as it presents the most material impacts to our business model. The impacts of the RCP 8.5 pathway are deemed negligible (except for consumer expectations), because the potential costs (in the form of taxes & levies) are deemed to be in line with those seen in current policies.

TRANSITIONAL RISKS & OPPORTUNITIES			
Risk(s)	Description	Timeframe	Mitigation Strategy & Opportunities
Carbon Pricing – Electricity / Market demand for renewable electricity	New regulatory developments on carbon pricing for utilities (electricity). / Renewables demand outweighs supply, increasing costs.	Short-term / Short to medium-term.	• Between 60-65% of our scope 1 & 2 emission are from the electricity we use in our pubs and offices. We have a commitment to procuring 80% of our electricity from renewable sources by 2025, and 100% by 2030. • **Opportunity**: Greene King is exploring opportunities to safeguard our renewable electricity procurement on a longer-term basis, as well as fixing costs to mitigate against an ever-changing market. This involves a review of power purchase agreements (PPAs) and exploring self-generation options. In FY23 we installed solar panel trials at both a pub and a support centre (office) We see a combination of PPA's and self-generation as key to removing our scope 2 emissions and securing our energy supply over the long-term. • Our energy efficiency strategy will continue to explore opportunities to reduce usage, through behavioural change and testing of new technology. Our balanced scorecard includes energy reduction targets to ensure the entire business is focused on lowering consumption.
Carbon Pricing – Gas & Other Fuels	New regulatory developments on carbon pricing for utilities (natural gas and fuels).	Short-term	• There are two significant areas that contribute to our scope 1 footprint: 1) Gas usage in our kitchens to deliver the food that we sell to our customers. We have identified the electric equipment needed to continue to deliver our different branded menus at the same high quality, and as part of our 5-year strategic plan, we have agreed a significant investment in making our kitchens 'electric ready'. This involves the upgrading of infrastructure and power supplies to our pubs. Gas equipment will be swapped for the electric equivalent on an 'end-of-life' basis, so as to not discard current equipment quicker than necessary. Efficiency savings will be sought to ensure that running costs are at parity. 2) Gas usage in heating our pubs and offices. Technology in this space is evolving rapidly, and therefore we are taking a measured approach. In FY23 we installed our first trial of an air sourced heat pump and will monitor results over the next 12 months. We are also in discussions to trial hydrogen as an alternative source of heating. Current technology is expensive, especially the infrastructural upgrades needed to retrofit existing properties, and the variety of our pubs is extensive in both age and layout. A multi-faceted approach will therefore be needed to decarbonise property heating. We will continue to monitor technological progress, and trial in our sites accordingly. • Our energy efficiency strategy will continue to explore opportunities to reduce usage, through behavioural change and testing of new technology. Our balanced scorecard includes energy reduction targets to ensure the entire business is focused on lowering consumption.
Carbon Pricing – Supply Chain	New regulatory developments on carbon pricing that will impact our supply chain cost base (meat, dairy,	Short-term	• This risk aligns to the hotspots in our scope 3 baseline footprint, namely the goods and services we sell in our pubs. It is assumed that cost increases in our supply chain will flow through into our business. • Our initial strategy on scope 3 reductions has been focused on supplier engagement, and data collection. In Q4 of FY23 we held a supplier conference with around 200 of our largest food, drink, property, and IT suppliers, and during this conference we launched our new supplier platform, Greene King Engage. Our first step to

	beer and other drinks).		removing emissions from our value chain is to collect information on our supplier base, firstly to understand their current sustainability journey, and secondly to begin to understand where collaboration may be possible. • **Opportunity:** We are exploring investment opportunities with both existing and new suppliers to provide sustainable solutions. We believe that decarbonising our supply chain is a joint effort, and we are looking for opportunities to build partnerships that create long-term value. • The key to creating a low-carbon value chain is to ensure that sustainability is kept at the heart of business decisions, alongside financial and customer-led considerations. In FY23 we began to appraise investment decisions through the lens of emissions savings alongside financial returns. In FY24 we will expand on this to ensure that all environmental and social impacts are considered.
Consumer Expectation	The evolution of customer expectations of business sustainability could impact group revenues.	Short, medium & long-term	• The customer base in our managed pubs divisions is broad and varies by brand. It's important that we understand their views from an environmental perspective and therefore we undertake an annual insights exercise. These results are overlaid with our brand customer segmentation, and guidance is provided for brands to consider in their strategic planning cycle. • **Opportunity**: These insights allow us to be market-leading in the issues that our customers are most concerned by. This data, paired with our detailed carbon footprint, ensures our investments are focused and gives us the agility needed to capitalise on opportunities to take market share. • We believe that changes in consumer expectation will be similar in the RCP 8.5 pathway albeit may evolve at a higher velocity compared to RCP 2.6. It is our view that our mitigation strategy would remain the same in this scenario, and the annual insights exercise would be sufficient to keep us agile in our decision making. • Our business-to-business (B2B) customers are equally concerned with decarbonising their own value chain and will expect Greene King to deliver on commitments. Customers are making it clear that tendering for business is no longer purely about product and price, but also about sustainability. We are transparent in any tender process about our progress, our future plans and investments, but also use it as an opportunity to educate customers on the differing claims of sustainability and carbon neutrality.

Our physical risks have been modelled against the RCP 8.5 pathway as it presents the greatest physical changes to our world. While there will still be changes in an RCP 2.6 pathway, the impacts to our properties will be far less severe, similar in nature and frequency to what we are seeing in the world today. We therefore believe those incremental changes to be negligible on our current business model.

PHYSICAL RISKS & OPPORTUNITIES			
Risk(s)	Description	Timeframe	Mitigation Strategy & Opportunities
Flooding	Changing weather patterns and sea-level rises lead to increased flooding events.	Present	• Our asset database has been run through the Carbon Trust physical screening tool (WRI aqueduct – flood risk) to provide guidance on properties at increased risk from either coastal or riverine flooding, under a high emissions / RCP 8.5 scenario. We have identified the sites in our estate with some level of future risk, the majority being riverine risk. Aside from revenue risk from closures, and cost increases from repair works, our insurance premiums could also be affected if claims are more frequent. • Our current property compliance programme pro-actively manages properties with a current risk of flooding. These programmes include annual inspections and remediation works needed to minimise these risks, including works to flood gates, car park gullies and sump pump maintenance. • The analysis of future flood risks will be used to monitor the necessity of future flood prevention programmes, as well as liaising with local authorities (environment agency) to identify further works.

			• **Opportunity:** The outputs from the flood risk analysis can be used as inputs for future divestment or acquisition decisions, to maximise the value created from such opportunities.
Temperature Rise & Weather Variability	Long-term temperature rises and unpredictable weather events impact 1) pub operations, 2) supply chains and 3) consumer habits.	Medium to long-term	• Both short-term weather events, and longer-term climate change (including temperature change) are presenting risks to multiple areas of the business: 1. Heat stress may affect staff productivity, especially those working in our kitchens. This might necessitate the review of our cooling systems, and potentially lead to additional capital investment. 2. Supply chains may be affected (for example, from droughts), disrupting the availability of product sold in our pubs and to our customers. 3. Increased changeability in weather patterns such as heatwaves followed by heavy rainfall can lead to localised flooding. • The mitigation of this risk by teams from across our business. 1. Our property teams are tasked with ensuring that the pub environments our team members are working in are fit for purpose, and fully compliant with legislation. They liaise regularly with our operations teams in a matrix working structure to ensure we have visibility of emerging issues and can react in an agile manner. 2. Our supply chain and procurement teams are responsible for continuous availability of product within our businesses, and any disruptions from climate related incidents will be managed pro-actively in a similar way. 3. The number of brands within our business ensure that we are diversified enough to mitigate changeable weather. We will continue to review our brand portfolio in line with changing consumer habits especially in the face of more volatile weather events. **Opportunity**: During the Covid pandemic, we invested heavily in the outdoor spaces of our pubs and will continue to do so. As temperature continues to rise in the long-term, the appetite for using these spaces will only increase.
Water Scarcity	Prolonged periods of drought affect the availability of water.	Medium to long-term	• A drop in water availability would impact every area of our business, but our mitigation strategies are focused on areas that we can impact internally, being the management of water usage within our pubs and breweries. • Significant investments into our breweries since 2019, including new centrifuges in our Bury St Edmunds brewery and a new water treatment plant at our Dunbar brewery, have improved our water efficiency. • We are trialling the use of smart meters in fifty of our pub sites. These will give us additional information on water usage, and provide early indications of leaks, allowing our property maintenance team to action quick fixes.

Organisational Resilience

Our 2023 strategic planning cycle included our first decarbonisation roadmap. This roadmap would allow us to achieve our SBTi-approved near-term commitments (2030). While our planning cycle is over five years, the decarbonisation roadmap is a longer term plan to meet our previously published target of net-zero by 2040. The group capital allocation exercise in our strategic planning allowed for the infrastructural upgrades needed to push towards a key target of our net-zero journey; namely the decarbonisation of our own operations. However, this was prior to the risk mapping exercise that we undertook as part of our first CFD report and the assessed financial impacts. Therefore, while we believe our business to be resilient against the transitional risks in scenario RCP 2.6, and against the physical risks in scenario RCP 8.5, our FY24 strategic planning process will be the first to include stress-testing using the risk outputs from our modelling.

The outputs from the CFD workstream has given us data that we can now use to overlay on this strategic plan, and integrate from FY24 onwards. Examples of this data are as follows:

1) Indication of potential carbon prices over the next 10-15 years. Previously some of our sustainability investments have been made on the back of minimal financial benefits, but these data points will allow us to understand the financial risk implied in our plans. This includes the ability to analyse multiple scenarios and set a decarbonisation roadmap appropriately.

2) Granular detail, for example in our physical screening tool, give our divisions and brands the ability to identify specific assets at long-term risk.

Metrics and Targets

Our environmental strategy is laid out on page 25 of this report.

To this end, the following targets and commitments have been made, which in hand will help mitigate the transitional climate-related risks present in our operating model. As our understanding of our value chain improves, and technology improves in key areas, our metrics will adapt accordingly.

The calculation methodology for each metric listed is as follows:

- Fossil fuel consumption: In kWh, the total consumption of natural gas, propane, kerosene & gas oil (heating oil). These fuels are used for both heating (and hot water) and cooking in our properties.
- % of estate powered by renewable electricity: The consumption of electricity covered by the purchase of Guarantees of Origin (GoO), as a % of our total electricity consumption.
- Electricity consumption: In kWh, the total consumption of electricity to power our properties.
- % of suppliers signed up to our Greene King Engage platform: Of the first 85 suppliers invited onto our supplier engagement platform, the % that had completed our 'kickstart assessment'. This assessment has given us a view of our suppliers' sustainability ambitions and current status.
- % of suppliers that have set net-zero targets (SBTi or equivalent): Of the first 85 suppliers invited onto our supplier engagement platform, the % with net-zero targets, including those not yet ratified by the SBTi.
- Number of meals saved from waste via 'Too Good to Go': The number of potentially wasted meals distributed via the 'Too Good to Go' platform.
- Food waste (in kg) per 100 covers: The total weight of food waste (in kg) per 100 covers. This has been normalised to account for changes in trade and allow us to track on a LFL basis.
- Number of EV charging points bays installed in the estate: The total number of usable charging bays installed in our pubs and support centres. A portion of installed bays were awaiting connection to the grid at year end.
- % of managed estate with available charging points: The % of our managed pubs estate with at least one live usable charging bay at year end.

Metrics & Targets

Target	Associated Risk	Metric / KPI	2023 Progress	Baseline (2019 unless stated)	Challenges
Reduce absolute scope 1 & 2 GHG emissions by 50% by 2030	Carbon Pricing – Gas & Other Fuels	(Scope 1) Fossil fuel consumption usage in kWh	299,079,890	354,004,113	
	Carbon Pricing – Electricity	(Scope 2) % of estate powered by renewable electricity.	0.3%	0%	Volatile pricing on renewables market.
		(Scope 2) Electricity consumption in kWh	300,273,318	331,621,314	
Reduce absolute scope 3 GHG emissions by 50% by 2030	Carbon Pricing – Supply Chain	% of suppliers signed up to our Greene King Engage platform.	94%	0%	Footprinting and target setting can be cost / resource prohibitive for smaller suppliers.
		% of suppliers that have set net-zero targets (SBTi or equivalent).	36%	Unknown	
Reduce food waste by 50% by 2030	Consumer Expectations	Number of meals saved from waste via 'Too Good to Go'	261,000	Launched in 2019	
		Food waste (in kg) per 100 covers	13.31	13.40	Measurement systems need to be identified to fully understand sources of waste.
Rollout EV charging points	Consumer Expectations	Number of EV charging points bays installed in the estate.	1,016. A further 302 were awaiting electrification.	0	Connection delays to grid due to DNO capacity.
		% of managed estate with available charging points.	15%. A further 3% of the estate was awaiting electrification.	0%	

The statements below reflect our commitment to, and management of, people, communities, the environment, human rights, anti-bribery and anti-corruption in the last 12 months.

Communities and Environment

We have a history of supporting communities throughout England, Scotland and Wales with our pubs providing important spaces for communities to come together, connect and feel a sense of belonging. We have a number of community and charity programmes which are highlighted on page 30 of this report. In 2022 Environment & Social was added a strategy driver for our business and we committed to, and had validation of, our near-term science-based targets. During 2022 a governance structure was established with our ESG board overseeing group Environment and Social related policies. Our environmental commitments are highlighted on page 26 of this report. Details of our greenhouse gas (GHG) emissions are on page 28 and 29.

Employees and statement on employee engagement

It is our policy to ensure that team members are selected, recruited, developed, remunerated and promoted on the basis of their skill and suitability for the work performed. The company is committed to treating all team members fairly and equally and will endeavour to provide workplace adaptions and training for team members or candidates who have a disability and team members who become disabled during their employment. Our Inclusion and Diversity policy ensures the equal treatment of all employees and our disability agenda is further supported by an Employee Led Inclusion Group, Ability that raises awareness and support for all employees living with visible and non-visible disabilities. Further details can be found in our Environmental, Social & Governance section on page 31 and our Section 172 statement on page 15.

Our established internal communications channels push information across the organisation regularly and we facilitate an anonymous annual engagement survey and half year pulse survey to listen to employee feedback and facilitate actions plans to drive change where needed. In line with our Inclusion and Diversity policy we apply a diversity data reporting overlay to identify further the engagement levels of our marginalised communities and take action where needed.

Our balanced scorecard tool. The Dartboard, is updated and communicated periodically showing our employees performance levels overall for the organisation including people, financial and customer metrics. This is linked to managers bonus payments and is further communicated and embedded at conferences, townhalls and in regular cascades to senior leadership teams.

Human rights

Whilst we do not have a formal human rights policy; we are absolutely committed to conducting business with integrity and fairness.

Our code of conduct provides that all team members are to be treated with respect, and their health, safety and basic human rights protected and promoted. It covers a range to topics including modern slavery, working conditions, child labour, discrimination and anti-corruption and anti-bribery measures, including a specific anti-bribery policy.

We expect our suppliers and sub-contractors to comply with the provisions of our code or meet the same standard through their own code.

Our whistleblowing policy for our team members encourages them to report any wrongdoing, including human rights violations such as modern slavery or human trafficking and any concerns with bribery. Our teams are able to report via a confidential external supplier email or hotline and no significant issues were raised through these during the year. Further details can be found in our Environmental, Social & Governance section on page 32 and see the full modern slavery statement on our website.

Data privacy – the company has paid particular attention to embedding data privacy into the company's ways of working through a governance committee, incident management, training and awareness, quality control and a change programme that focuses on privacy by design and default. For an explanation of how the company uses the personal data see the privacy notice at www.greeneking.co.uk/privacy.

Anti-corruption and bribery

All forms of bribery are prohibited across all Greene King operations, in all of our locations and in all of our interactions with any third parties, and whether by Greene King employees or by third parties on our behalf. We do not make payments or give cash equivalents or anything else of value to secure an unfair business advantage, nor do we make payments or provide any benefit to government officials to obtain business, favourable treatment or to avoid a fine or penalty. We do not permit the payment of facilitation payments or such like to speed up the performance of government officials.

We have in place online anti-bribery training for our support centre staff and pub managers which explains the law and the responsibility each team member faces. Our gifts and hospitality policy requires that all gifts must be recorded on a central database. Gifts over £250 also require line manager's approval and anything more than £5,000 requires permission from the Chief Executive.

The strategic report has been approved by the directors and signed on behalf of the directors by:

R Smothers
Director

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

Background

The board has adopted a governance code appropriate to its status as a large private company incorporated in the UK and a member of a Hong Kong listed group.

The arrangements, which were adopted by the board in February 2020, are broadly based on the Wates Principles for large private companies but have been adapted to recognise the company's position as a member of the CK Asset Holdings Limited (CKA) group. The principles adopted by the board cover the following six pillars:

Purpose and leadership

This requires the board to ensure that the company has a clear sense of purpose, collective vision and strategy to generate long-term sustainable growth and to promote the success of the company.

The company has continued to focus on the eight strategy drivers developed and announced as part of the company's Unleashed programme, and significant steps in line with these drivers have been achieved throughout 2023 with a view to becoming the Pride of British Hospitality. Projects focused on the role of our brands, leadership and understanding and delivering for our customers, which continued to inform the company's strategic direction in 2023.

With the support of the board throughout 2023, the company;

- announced the trial of two new concepts - Seared, a pub concept, with a freshly grilled, globally-inspired menu, and Everly Hotels Collection, a boutique hotel offer delivering modern comfort and sophistication, developing compelling brands for long- term sustainable growth of the business;
- invested in the Hickory's brand with the conversion and introduction of four new sites in 2023, helping to grow a balanced portfolio of sustainable brands;
- created a new Operational Excellence function to ensure that new operational excellence ideas are generated, but also ensuring an appropriate framework is in place to deliver effective execution of the plans into pubs. Through targeted leadership and planning the operational excellence function aims to make life simpler for our pub teams, ensuring that they can focus on delivering excellent customer experiences and delivering on our purpose to pour happiness into lives.

The board committee, with the support of the board, devoted time to preparing clear identifiable plans and priorities for 2024, ensuring that the business has a clear sense of direction and collective vision for the year ahead.

Board composition

This focuses on the role of the chair and other board members, requiring them to provide constructive challenge to management to ensure effective decision making in the best interest of the company.

The chairman of the company, George Magnus, has considerable experience as a non-executive director and chairman. His role is key to ensuring that the board provides well considered and effective decision making and constructive challenge to management. The non-executive directors of the board, appointees of CKA, are experienced executives with a range of skills and experience, including in the retail sector. Throughout board meetings all directors are given the opportunity to ask questions of management and to offer their insight and experience where relevant.

Director responsibilities

This requires the board to establish and maintain corporate governance practices that provide clear lines of accountability and responsibility to support effective decision making.

The board has approved a schedule of responsibilities setting out matters requiring board approval. These include the following:

- approval of the long-term strategy of the company;
- extension of the group's activities into new businesses or geographic areas and approval of all significant corporate acquisitions or disposals by the group;
- approval of major changes to the group's corporate structure;
- approval of the annual statutory accounts;
- changes to the governance structure of the group and;
- approval of new board appointments.

The board has also approved the formation of a board committee whose initial members comprise representatives from CKA and the Chief Executive Officer, Chief Financial Officer and Chief People and Transformation Officer of Greene King. This has been delegated the authority to make certain decisions relating to the management and operation of the company, as set out in the schedule of responsibilities approved the board. Matters for which the board committee has responsibility include:

- approval of the annual operating and capital expenditure budgets;
- approval of the funding strategy and debt structure;
- approval of any significant changes to the group's management and control structure;
- the declaration or recommendation of dividends;
- approval of any significant changes in accounting policies or practices;
- determining the remuneration policy of the company and;
- approval of executive pay.

Operational controls are managed via an authorities matrix rolled out throughout the business, which is approved by the board. Amendments were made during 2023 to the authorities matrix with the approval of the board to improve operational efficiency and governance.

In April 2023 during a board meeting, the board approved the Greene King Limited 2022 annual report.

The board committee passed a number of resolutions including various banking related approvals.

The 2024 budget was approved by the board committee in a meeting held in December. The board committee meeting was also attended by certain members of the board who are not board committee members and who were provided the opportunity to ask any questions and provide their views.

Opportunity and risk

This requires the company to create and preserve value and establish oversight for the identification and mitigation of risks to the business to ensure the promotion of long-term sustainability and success. During the year the board was kept fully informed of the actions taken by management to manage costs, deal with wage pressures, and actions to mitigate eroding consumer spending power in some areas of the business. Potential opportunities for the business were also discussed with the board throughout the year, including potential acquisitions or other corporate activity, new areas of business or other opportunities to improve the customer or employee offer.

Details of the risks facing the business are set out in the section on principal risks and uncertainties section within the strategic report.

In addition to the risk management processes outlined in the principal risks and uncertainties section of this report, the key elements of the group's internal control framework are:

- the governance arrangements outlined above;
- the group's defined management structure with suitable authority limits and responsibilities, staffed by appropriate personnel;
- regular updates for the board on strategy;
- a comprehensive planning and financial reporting procedure including annual budgets and a longer-term strategic plan, both of which will be reviewed and approved by the board;
- ongoing monitoring by both the board and senior management of performance against budgets, through the periodic reporting of detailed management accounts and key performance indicators;
- ongoing monitoring by the board of compliance with financial covenants;
- a centralised financial reporting system and close process, with controls and reconciliation procedures designed to facilitate the production of the consolidated accounts;
- clearly defined evaluation and approval processes for acquisitions and disposals, capital expenditure and project control, with escalating levels of authority (including board approval for major acquisitions and disposals), detailed appraisal and review procedures and post-completion reviews;
- review of retail operational compliance by the retail internal audit team responsible and other analytical and control procedures facilitated by the EPOS till system;
- audits conducted by the group internal audit function of business and functional control environments; and
- documented policies to cover data protection, modern slavery, bribery and whistle-blowing and regular updates on any incidents.

Remuneration

This requires the board to ensure that executive remuneration structures are aligned to the long-term sustainable success of the company and ensuring that remuneration for directors and senior managers is aligned with performance, behaviours and the achievement of the company's purpose, values and strategy.

The board committee approved changes to executive pay, bonus and long-term incentive plan (LTIP) structures for 2023, with bonus arrangements created to not only reflect achievement against the scorecard but also individual behaviours and the achievement of the company's strategic objectives.

Stakeholder relationships and engagement

This requires the board to ensure that the company conducts meaningful engagement with stakeholders, including the workforce, and has regard to their views when taking decisions.

Further details of how the company has managed relationships and engaged with its various stakeholders can be found in the section on Directors duties under section 172 Companies Act 2006, in the strategic report.

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements for the 52-week period ended 31 December 2023. The company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include matters of strategic importance in the strategic report which otherwise would be required to be disclosed in the directors' report.

Stakeholder and employee engagement	p 43 and 45
Greenhouse gas emissions, energy consumption and energy efficiency	p 27 to 29
Corporate governance statement	p 44 to 45
Employing disabled persons	p 43

The company

Greene King Limited is a private limited company with registered office at Westgate Brewery, Bury St. Edmunds, Suffolk, IP33 1QT.

Results and dividends

The adjusted profit before tax and adjusting items was £63.8m for the 52 weeks to 31 December 2023 (prior period: £66.9m) and statutory profit before tax was £45.2m (prior period: £98.4m). The directors do not recommend the payment of a dividend to its sole shareholder this period.

Directors and their interests

The directors during the period and to the date of this report, except stated otherwise, were as follows:

N Mackenzie, Chief Executive Officer

R Smothers, Chief Financial Officer

D Dyson, Non-executive Director

A Hunter, Non-executive Director

L C G Ma, Non-executive Director

P Macnab, Non-executive Director

G Magnus, Non-executive Chairman

Future developments

The group intends to continue to operate in the areas of management of public houses and the retailing of beers, wines, spirits and soft drinks for the foreseeable future. Details of any events occurring after the year end are set out in note 30 in the financial statements.

Financial instruments

The group's policy on the use of financial instruments is set out in note 22 to the financial statements.

Charitable Donations

Charitable donations made during the year are disclosed on page 30.

Political Donations

The Greene King group makes no political donations (prior period: nil).

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic review. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the financial review. In addition, note 22 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit and liquidity risk.

The directors have made enquiries into the adequacy of the group's financial resources through a thorough review of the financial commitments over the short and medium term and their impact on the group's cash flow.

The principal elements of the group's financing structure are:

- Unsecured bank facilities totalling £600m, comprising £520m of revolving credit facilities and a £80m term loan facility, which are guaranteed by the group's ultimate parent and mature in the period between December 2024 and March 2025;
- Unsecured bank facilities totalling £400m which are guaranteed by the group's ultimate parent and mature between November 2025 and December 2026;
- Unsecured revolving loan facility with CKA Holdings UK Limited of £1,500m which has been extended to November 2028;
- Secured bonds issued out of the Greene King securitisation 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 carrying value of £2.0bn (prior period: £2.0bn); and
- liquidity facilities totalling £224.0m (prior period: £224.0m) which can only be used for the purpose of meeting the debt service obligations of the group's securitisation vehicles should there ever be insufficient funds available from operations to meet such payments. There were no drawdowns under these facilities during the year and the drawn down amount at the year-end was £nil (prior period: £nil).

The undrawn facilities (excluding liquidity facilities) at the end of the financial year were £1,289.0m and at 31 March 2024 were £1,229.0m.

Based on the group's current strategic plan the directors expect to meet the covenants of the Greene King securitisation during the period of 12 months from the date of approval of the financial statements.

For the purpose of the group's going concern assessment, the directors have modelled a remote scenario whereby the group generates just over 60% of its budgeted revenue and variable costs with no reduction in fixed costs and full budgeted capex continues for a 12 month period. Under this scenario the group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this deterioration in performance would likely result in a breach of the two-quarter lookback FCF DSCR covenant in Q1 FY25 within its securitised borrowings without mitigating actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies.

The directors have a reasonable expectation that the group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements. Accordingly, the directors continue to adopt a going concern basis for the preparation of the financial statements.

Directors' and officers' indemnity insurance

Insurance to indemnify the directors of the company against third party proceedings whilst serving on the board of the company and of any subsidiary has been taken out by the group. This cover indemnifies all team members of the group who serve on the boards of all subsidiaries. These indemnity policies subsisted throughout the period and remain in place at the date of this report.

Statement as to disclosure of information to auditor

Directors of the board at the time of approving this report are listed above. Having made enquiries of the company's auditor, the directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of this report of which the company's auditor is unaware; and
- they have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have audited these financial statements and have confirmed their willingness to continue as auditors going forwards. They will therefore be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 24 April 2024 and signed on its behalf.

R Smothers

Director

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENE KING LIMITED

Opinion
In our opinion:
- the financial statements of Greene King Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the group income statement;
- the group statement of comprehensive income;
- the group and parent company balance sheets;
- the group cash flow statement;
- the group and parent company statements of changes in equity;
- the related notes 1 to 45.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standard, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

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

We have nothing to report in this regard.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included data protection regulations, licensing regulations, the pub code, occupational health and safety regulations, employment regulation, responsible drinking regulations, planning and building legislation and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions, IT, financial instruments, and real estate specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- In regard to revenue recognition and the accuracy of managed pub revenue, we used data analytics to test the reconciliation of revenue in the pubs' till systems to cash receipts and to identify where adjustments have raised between the pubs' till systems and the accounting system; these adjustments were then tested for accuracy by tracing to relevant supporting documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Timothy Steel (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
24 April 2024

GROUP INCOME STATEMENT

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

	Note	**52 weeks ended 31 December 2023 £m**	52 weeks ended 1 January 2023 £m
Revenue	3	**2,375.4**	2,176.4
Operating costs	4	**(2,208.2)**	(1,927.2)
Operating profit		**167.2**	249.2
Analysed as:			
Adjusted operating profit		**186.1**	192.6
Adjusting items	5	**(18.9)**	56.6
Finance income	7	**5.0**	8.4
Finance cost	7	**(127.0)**	(159.2)
Net finance cost		**(122.0)**	(150.8)
Analysed as:			
Adjusted net finance costs		**(122.3)**	(125.7)
Adjusting items	5	**0.3**	(25.1)
Profit before tax		**45.2**	98.4
Tax	9	**(5.1)**	(30.5)
Analysed as:			
Adjusted tax		**(15.8)**	(10.8)
Adjusting items	5	**10.7**	(19.7)
Profit attributable to equity holders of parent		**40.1**	67.9

The notes on pages 57 to 98 form part of these financial statements. All activities derive from continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

	Note	52 weeks ended 31 December 2023 £m	52 weeks ended 1 January 2023 £m
Profit for the period		**40.1**	67.9
Other comprehensive income to be reclassified to the income statement in subsequent periods			
Cash flow hedges:			
–(Losses)/Gains on cash flow hedges taken to other comprehensive income		**(6.9)**	93.6
– Transfers to income statement on cash flow hedges		**0.6**	25.4
Deferred tax on cash flow hedges	9	**1.6**	(29.8)
		(4.7)	89.2
Items not to be reclassified to the income statement in subsequent periods			
Remeasurement gains/(losses) on defined benefit pension schemes	8	**6.7**	(86.9)
Deferred Tax on remeasurement gains/(losses)	9	**(1.7)**	21.7
		5.0	(65.2)
Other comprehensive income for the period, net of tax		**0.3**	24.0
Total comprehensive income for the period, net of tax		**40.4**	91.9

The notes on pages 57 to 98 form part of these financial statements.

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2023

	Note	31 December 2023 £m	1 January 2023 £m
Fixed assets			
Property, plant and equipment	11	**3,983.5**	3,888.4
Investment property	12	**6.0**	3.3
Right-of-use assets	20	**503.0**	526.9
Intangibles	10	**15.3**	16.9
Goodwill	10	**924.7**	924.7
Other financial assets	13	**8.9**	8.5
Trade and other receivables	16	**5.0**	1.5
Post-employment assets	8	**64.5**	55.2
		5,510.9	5,425.4
Current assets			
Inventories	15	**61.1**	53.9
Other financial assets	13	**5.0**	5.0
Income tax receivable	9	**14.0**	-
Trade and other receivables	16	**116.8**	137.5
Prepayments		**20.8**	17.4
Cash and cash equivalents	17	**120.1**	87.5
		337.8	301.3
Property, plant and equipment held for sale	18	**1.1**	5.1
		338.9	306.4
Total assets		**5,849.8**	5,731.8
Current liabilities			
Borrowings	21	**(572.4)**	(54.1)
Lease liabilities	20	**(26.8)**	(26.3)
Derivative financial instruments	22	**(0.3)**	(1.4)
Trade and other payables	19	**(459.6)**	(412.4)
Income tax payable	9	**-**	(1.4)
Provisions	23	**(5.9)**	(4.2)
		(1,065.0)	(499.8)
Non-current liabilities			
Borrowings	21	**(1,656.8)**	(2,148.4)
Lease Liabilities	20	**(531.0)**	(538.0)
Derivative financial instruments	22	**(30.4)**	(23.0)
Deferred tax liabilities	9	**(74.0)**	(67.3)
Provisions	23	**(0.8)**	(3.9)
		(2,293.0)	(2,780.6)
Total liabilities		**(3,358.0)**	(3,280.4)
Total net assets		**2,491.8**	2,451.4

	Note	**31 December 2023** **£m**	1 January 2023 £m
Issued capital and reserves			
Share capital	24	**39.0**	39.0
Share premium	25	**1,184.4**	1,184.4
Merger reserve	25	**752.0**	752.0
Capital redemption reserve	25	**3.3**	3.3
Hedging reserve	22	**(23.0)**	(18.3)
Retained earnings		**536.1**	491.0
Total equity		**2,491.8**	2,451.4

The notes on pages 57 to 98 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 24 April 2024.

They were signed on its behalf by:

Richard Smothers
Director

GROUP CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

	Note	52 weeks 31 December 2023 £m	52 weeks 1 January 2023 £m
Operating activities			
Operating profit		**167.2**	249.2
Operating adjusting items	5	**18.9**	(56.6)
Depreciation	4	**141.5**	127.7
Amortisation	4	**1.6**	0.8
Operating cash flows before working capital and adjusting cash items		**329.2**	**321.1**
Working capital and adjusting items	26	**67.7**	27.4
Cash generated from operations		**396.9**	**348.5**
Interest received		**2.3**	0.5
Interest paid		**(126.0)**	(134.9)
Tax paid		**(13.9)**	(3.5)
Net cash flow from operating activities		**259.3**	210.6
Investing activities			
Acquisition of subsidiaries (net of cash acquired)		**-**	(34.7)
Freehold reversions	11	**(9.4)**	(8.9)
Purchase of property, plant and equipment	11	**(215.3)**	(172.6)
Purchase of Investment property	12	**(1.1)**	(0.2)
Advances of trade loans	13	**(5.2)**	(4.6)
Repayment of trade loans	13	**5.2**	4.8
Sales of property, plant and equipment		**4.4**	19.9
Net cash flow from investing activities		**(221.4)**	(196.3)
Financing activities			
Receipt from settlement of derivative financial liabilities	27	**-**	8.6
Repayment of borrowings	27	**(55.4)**	(494.6)
Advance of borrowings	27	**80.0**	496.5
Repayments of lease liabilities	27	**(29.9)**	(31.8)
Net cash flow from financing activities		**(5.3)**	(21.3)
Net increase/(decrease) in cash and cash equivalents		**32.6**	(7.0)
Opening cash and cash equivalents	17	**87.5**	94.5
Closing cash and cash equivalents	17	**120.1**	87.5

The notes on pages 57 to 98 form part of these financial statements.

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

	Note	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Retained earnings £m	Total equity £m
At 2 January 2022		**39.0**	**269.4**	**752.0**	**3.3**	**(107.5)**	**488.3**	**1,444.5**
Profit for the period	3	-	-	-	-	-	67.9	67.9
Other comprehensive income:								
Actuarial losses on defined benefit pension schemes (net of tax)	8,9	-	-	-	-	-	(65.2)	(65.2)
Net gain on cash flow hedges (net of tax)	22	-	-	-	-	89.2	-	89.2
Total comprehensive income		-	-	-	-	**89.2**	**2.7**	**91.9**
Issue of share capital	24	**-**	**915.0**	**-**	**-**	**-**	**-**	**915.0**
At 1 January 2023		**39.0**	**1,184.4**	**752.0**	**3.3**	**(18.3)**	**491.0**	**2,451.4**
Profit for the period	3	-	-	-	-	-	40.1	40.1
Other comprehensive income:								
Actuarial gain on defined benefit pension schemes (net of tax)	8,9	-	-	-	-	-	5.0	5.0
Net loss on cash flow hedges (net of tax)	22	-	-	-	-	(4.7)	-	(4.7)
Total comprehensive income/ (expense)		**-**	**-**	**-**	**-**	**(4.7)**	**45.1**	**40.4**
At 31 December 2023		**39.0**	**1,184.4**	**752.0**	**3.3**	**(23.0)**	**536.1**	**2,491.8**

The notes on pages 57 to 98 form part of these financial statements.

NOTES TO THE ACCOUNTS

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

1 BASIS OF PREPARATION

Corporate information

The consolidated financial statements of Greene King Limited for the period ended 31 December 2023 were authorised for issue by the board of directors on 24 April 2024. Greene King Limited is a private company limited by shares incorporated and domiciled in England and Wales.

Statement of compliance

The group's financial statements have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 as they apply to the financial statements of the group for the 52 weeks ended 31 December 2023 (prior period: 52 weeks ended 1 January 2023). The financial statements have been prepared on the historical cost basis, except for financial instruments as explained in the accounting policies below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS (UK). They are presented in millions of pounds sterling, with values rounded to the nearest hundred thousand, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Greene King Limited, its subsidiaries and Greene King Finance plc and Greene King Finance Parent Limited. Greene King Finance plc is a structured entity set up to raise bond finance for the group.

The Law Debenture Intermediary Corporation plc holds the shares of Greene King Finance Parent Limited under a declaration of trust for charitable purposes. The rights provided to the group through the securitisation give the group the power over this company and the ability to use that power to affect its exposure to variable returns from them. As Greene King Limited has full control over these entities, they are fully consolidated. The financial statements of subsidiaries are prepared for the same reporting period as the parent company with adjustments made to their financial statements to bring their accounting policies in line with those used by the group. As such, the directors of Greene King Limited consider that these companies are controlled by the group, as defined in IFRS 10 'Consolidated Financial Statements' and hence for the purpose of the consolidated financial statements they have been treated as subsidiary undertakings.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. Intercompany transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic review. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in the financial review. In addition, note 22 to the financial statements includes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit and liquidity risk.

The directors have made enquiries into the adequacy of the group's financial resources through a thorough review of the financial commitments over the short and medium term and their impact on the group's cash flow.

The principal elements of the group's financing structure are:

- Unsecured bank facilities totalling £600m, comprising £520m of revolving credit facilities and a £80m term loan facility, which are guaranteed by the group's ultimate parent and mature in the period between December 2024 and March 2025;
- Unsecured bank facilities totalling £400m which are guaranteed by the group's ultimate parent and mature between November 2025 and December 2026;
- Unsecured revolving loan facility with CKA Holdings UK Limited of £1,500m which has been extended to November 2028;
- Secured bonds issued out of the Greene King securitisation 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 carrying value of £2.0bn (prior period: £2.0bn); and
- liquidity facilities totalling £224.0m (prior period: £224.0m) which can only be used for the purpose of meeting the debt service obligations of the group's securitisation vehicles should there ever be insufficient funds available from operations to meet such payments. There were no drawdowns under these facilities during the year and the drawn down amount at the year-end was £nil (prior period: £nil).

The undrawn facilities (excluding liquidity facilities) at the end of the financial year were £1,289.0m and at 31 March 2024 were £1,229.0m.

Based on the group's current strategic plan the directors expect to meet the covenants of the Greene King securitisation during the period of 12 months from the date of approval of the financial statements.

For the purpose of the group's going concern assessment, the directors have modelled a remote scenario whereby the group generates just over 60% of its budgeted revenue and variable costs with no reduction in fixed costs and budgeted capex continues for a 12 month period. Under this scenario the group has access to adequate funding to support the business through a period of at least 12 months from the date of the approval of the financial statements. However, in the absence of any support this deterioration in performance would likely result in a breach of the two-quarter lookback FCF DSCR covenant in Q1 FY25 within its securitised borrowings without mitigating actions. In this scenario the directors could elect to prevent the breach by providing financial support to the Greene King securitisation through lower operating cost re-charges from other group companies.

The directors have a reasonable expectation that the group has sufficient resources to continue in operational existence for the period of at least 12 months from the date of approval of these financial statements. Accordingly, the directors continue to adopt a going concern basis for the preparation of the financial statements.

New accounting standards, amendments and interpretations adopted by the group

The following new standards, interpretations and amendments to standards are mandatory for the group for the first time for their annual reporting period commencing 2 January 2023.

Those standards and interpretations include:

- IFRS 17 – Insurance Contracts accounting
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and Pillar two rules

The group has considered the above new standards and has concluded that they do not have a material effect.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the group has not early adopted them in preparing these consolidated financial statements. It is the group's view that none of the new standards or amendments will have a significant impact on the group's consolidated financial statements.

- Amendments to IAS 16 – Lease liability in sale-and-leaseback
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 7 and IAS 7 – Supplier Finance Arrangements

Significant accounting judgments and estimates

Significant accounting judgments

In the course of preparing the financial statements, the key judgments made in the process of applying the group's accounting policies are detailed below:

Adjusting items

Management uses a range of measures to monitor and assess the group's financial performance. These measures include a combination of statutory measures calculated in accordance with IFRS and alternative performance measures. The alternative performance measures represent the equivalent IFRS measures but are adjusted to exclude items that management considers would prevent comparison of the group's performance both from one reporting period to another and with other similar businesses. Management believes that these alternative performance measures provide useful additional information about the group's performance and are consistent with how the business performance is measured internally by the chief decision maker.

The classification of items excluded from profit before adjusting items requires judgment including consideration of the nature, circumstances, scale and impact of transaction. The group's definition of items excluded, together with further details of adjustments made, is provided within the accounting policy section, note 2.

Determining the lease term of contracts with renewal and termination options – Group as Lessee

The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The group has several lease contracts that include extension and termination options. The group applied judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its controls and affects its ability to exercise or not to exercise the option to renew or to terminate. The total potential effect of these clauses has been disclosed in note 20.

Significant accounting estimates

The areas of estimation that have a significant risk of resulting in material adjustments to carrying amounts of assets and liabilities are detailed below:

Impairment of property, plant and equipment, intangible assets and right-of-use assets

IFRS requires management to perform impairment tests annually for indefinite lived assets (Goodwill), and for finite lived assets (property, plant and equipment, right-of-use assets and other intangible assets), if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of short-term and long-term growth rates, and the adoption of a suitable discount rate. Short-term growth rates are based on the board approved strategic plan. The long-term growth rate has been based on expected industry returns which is slightly below the forecast long-term UK inflation rate. The discount rate is based on the group's WACC and is applied across all reporting segments as risk factors are considered to be similar.

Changes to the growth rate or discount rate used, could significantly affect the group's impairment charge (and reversal) recognised in the income statement and the overall value of assets held at the balance sheet date. Management has provided analysis of the sensitivity to these assumptions in note 11.

The cashflows used in the impairment exercise have been aligned to the group's 5-year strategic plan. Further details are provided in notes 11 and 20.

Taxation

The group's tax charge is the sum of the total current and deferred tax charges. The calculation of the group's tax charge involves estimation and judgment in respect of following items:

Recognition of deferred tax asset and liabilities

The group has exercised significant accounting estimation and judgment in the recognition of deferred tax liabilities in respect of property, plant and equipment. Significant accounting estimates and judgements include those used to determine the amount of net book value of property, plant and equipment to which the initial recognition exemption applies, the calculation of the tax base on sale (which is subject to certain restrictions under tax law) and the offsetting of inherent losses against inherent gains where tax losses are expected to be utilised against future profits and gains.

Corporate Interest Restriction

The following significant judgements and estimates have been used to calculate the current and deferred tax balances relating to Corporate Interest Restriction:

- As statutory accounts are not prepared for the Greene King group subsidiaries at the time of the Greene King Limited group consolidated accounts being prepared, the Greene King Limited group accounts have been used to estimate Net Tax Interest Expense and Tax EBITDA on an entity basis;

- As Greene King is part of the wider CK group following the 2019 acquisition, the Corporate Interest Restriction is calculated across the CKA group. The Greene King accounts rely on estimates provided by CKA, CKA's assertions that the group should calculate the Corporate Interest Restriction using the Fixed Ratio methodology and that the group should not suffer restrictions that arise outside of the Greene King group, but in the CKA group.

Pension liabilities

Management uses estimates when determining the group's liabilities and expenses arising for defined benefit pension schemes.

The present values of pension liabilities are determined on an actuarial basis and depend on actuarial assumptions. Key assumptions have been identified as the discount rate adopted, implied inflation rate and assumed life expectancy. Any change in these assumptions will impact on the carrying amount of pension liabilities, with further details on assumptions adopted and related sensitivity disclosed in note 8.

The group has determined that when all members have left the scheme, any surplus remaining would be returned to the company in accordance with the trust deed. As such the full economic benefit of the surplus under IAS 19 is deemed available to the company and is recognised in the balance sheet.

2 SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost on transition to IFRS, less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

Freehold land is not depreciated. Freehold and long leasehold buildings are depreciated to their estimated residual values over periods up to 50 years, and short leasehold improvements are depreciated to their estimated residual values over the shorter of the remaining term of the lease or useful life of the asset.

There is no depreciable amount if residual value is the same as, or exceeds, book value.

Plant and equipment assets are depreciated over their estimated lives which range from 3 to 20 years.

Residual values, useful lives and methods of depreciation are reviewed for all categories of property, plant and equipment and adjusted, if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profit or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in the income statement in the year of derecognition.

Intangible assets

Brand intangibles

Brand intangible assets recognised on acquisition are amortised on a straight-line basis over their estimated useful lives (15 years) within operating costs. The carrying value is reviewed annually for impairment, with any impairment losses recognised in the income statement.

Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Rental income from investment property is recognised as “other services” (note 3) on a straight-line basis over the term of the lease.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interests, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction-by-transaction basis. Acquisition costs incurred are taken to the income statement.

The group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred to the vendor is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which are deemed to be an asset or a liability are recognised in the income statement.

If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRS. Identifiable intangible assets, meeting either the contractual-legal or separability criteria, are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably.

If the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, any goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment

Property, plant and equipment and Right-of-use assets

Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash inflows independent of the cash inflows of other groups of assets. For this purpose, this has been identified as individual sites.

An assessment is made at each reporting date as to whether there is an indication of impairment. If an indication exists, the group makes an estimate of the recoverable amount of each cash-generating unit (CGU). An asset's or cash-generating unit's recoverable amount is the higher of its fair value less costs of disposal and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised where the recoverable amount is lower than the carrying value of assets. If there is an indication that any previously recognised impairment losses may no longer exist or may have decreased, a reversal of the loss may be made only if there has been a change in the estimates used to determine the recoverable amounts since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount only up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior periods.

Impairment losses and any subsequent reversals are recognised in the income statement within operating costs.

Details of the impairment losses recognised in respect of property, plant and equipment are provided in note 11 and right-of-use assets in note 20.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated represents the lowest level within the group at which goodwill is monitored for internal management purposes and cannot be larger than an operating segment before aggregation.

Impairment is determined by the recoverable amount of an operating segment. Where this is less than the carrying value of the operating segment, an impairment loss is recognised immediately in the income statement. This loss cannot be reversed in future periods.

Financial instruments

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument and are derecognised when the group no longer controls the contractual rights that comprise the financial instrument, normally through sale or when all cash flows attributable to the instrument are passed to an independent third party.

Classification, measurement and impairment

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at transaction price determined under IFRS 15.

Subsequently, the group classifies its financial assets as measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss

The classification depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them.

The group's financial assets measured at amortised cost include trade loans, trade receivables and cash and cash equivalents.

Other financial assets are trade loans to publicans who purchase the group's beer and liquor. Trade loans that are held for the collection of contractual cash flows and the cash flows received from them are solely payments of principal, and interest on the principal amount outstanding is subsequently carried at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest revenue on the trade loans is recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement. There will be derecognition of trade loans when the group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

For financial assets held at amortised cost, an estimate of a 12-month expected credit losses (ECLs) are recognised as an impairment provision upon recognition of a new free trade loan; and at each reporting date, an assessment is made to determine if there has been a significant increase in credit risk since initial recognition. In cases where this is evident or is determined to be credit impaired, lifetime expected credit losses are used as the basis for the impairment provision, otherwise the group measures the loss allowance for the financial asset at an amount equal to a 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In turn, 12-month expected credit loss represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12-months after the reporting date.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

For trade receivables, the group adopts a simplified approach in calculating expected credit losses. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group utilises a provision matrix that has been designed based on historically observed default rates adjusted by a forward-looking estimate that includes the probability of a worsening economic environment within the next year.

The group assesses a financial asset in default when contractual payments are 90 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Details about the group's calculation of the loss allowance are provided in note 22.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

The group classifies all financial liabilities as subsequently measured at amortised cost, except for derivatives that are subsequently measured at fair value.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received, net of issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Trade payables

Trade payables are non-interest bearing and are stated at their nominal value.

Derivative financial instruments and hedge accounting

The group uses interest rate swaps to hedge its exposure to interest rate fluctuations on its variable rate loans, notes and bonds.

Interest rate swaps are initially measured at fair value, if any, and carried on the balance sheet as an asset if a fair value is positive or liability if a fair value is negative. The carrying amount of a derivative is split between current and non-current portions. The present value of the net interest cash flows of a swap for the forthcoming twelve months after the reporting date is presented as current asset if fair value is positive or current liability if fair value is negative. The remainder portion of a carrying amount is presented as non-current asset or liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Subsequent measurement is at fair value and the movement is recognised in the income statement unless hedge accounting is adopted. For interest rate swaps where hedge accounting is not applied, gains or losses arising from changes in the clean fair value are presented in the income statement in the period in which they arise.

Hedge accounting

To qualify for hedge accounting the hedge relationship must be designated and documented at inception. Documentation must include the group's risk management objective and strategy for undertaking the hedge and formal allocation to the item or transaction being hedged. The group also documents how it will assess the effectiveness of the hedge and carries out assessments through periodic prospective effectiveness testing to ensure that:

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from the economic relationship; and

- the hedge ratio is the same as that resulting from actual quantities of hedged items and hedging instruments used for risk management

Hedges can be classified as either fair value (hedging exposure to changes in fair value of an asset or liability), or cash flow (hedging the variability in cash flows attributable to an asset, liability or forecast transaction). The group uses certain of its interest rate swaps as cash flow hedges.

Cash flow hedge accounting

The effective portion of the gain or loss on an interest rate swap is recognised in Other comprehensive income (OCI), whilst any ineffective portion is recognised immediately in the income statement.

Amounts recognised in OCI are transferred to the income statement in the same period that the financial income or expense is recognised, unless the hedged transaction results in the recognition of a non-financial asset or liability whereby the amounts are transferred to the initial carrying amount of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting, amounts previously recognised in OCI are held there until the previously hedged transaction affects the income statement. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in OCI is immediately transferred to the income statement.

Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Finance costs and income

Finance costs are expensed to the income statement using the effective interest method. Finance income is recognised in the income statement using the effective interest method.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

At the reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Property, plant and equipment held for sale

Property, plant and equipment is classified as held for sale only if it is available for sale in its current condition, management is committed to the sale and a sale is highly probable and expected to be completed within one year from the date of classification. Property, plant and equipment classified as held for sale is measured at the lower of carrying amount and fair value less costs of disposal and is no longer depreciated or amortised.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Provisions are discounted to present value, where the effect of the time value of money is material, using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Pensions and other post-employment benefits

Defined benefit pension schemes

The group operates two defined benefit pension schemes which require contributions to be made into separately administered funds. The cost of providing benefits under the schemes is determined separately for each plan using the projected unit credit actuarial method on an annual basis. Remeasurement gains and losses are recognised in full in the group statement of comprehensive income in the period in which they occur.

When a settlement or curtailment occurs the obligation and related scheme assets are remeasured, and the resulting gain or loss is recognised in the income statement in the same period.

Net interest on the net defined benefit liability/(asset) is determined by multiplying the net defined benefit liability/(asset) by the discount rate both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments.

The defined benefit asset or liability recognised in the balance sheet comprises the present value of the schemes' obligations less the fair value of scheme assets. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes.

Defined contribution pension schemes

Contributions to the group's defined contribution pension schemes are charged to the income statement as they become payable.

Revenue

Generally, revenue represents external sales (excluding taxes) of goods and services, net of discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and is measured at the fair value of consideration receivable, excluding discounts, rebates, and other sales taxes or duty relating to brewing and packaging of certain products.

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

Greene King pubs and Destination Brands

Food and drink

Revenue is recognised at the point at which food and drinks are provided based on till receipts taken in our licensed estate. Promotional discounts are recorded at point of sale. Revenue is reported on product sales net of VAT and discounts applied.

The performance obligation is satisfied upon the delivery of the food and drink and payment of the transaction price is due immediately when the customer purchases the food and/or drink.

Other services

Accommodation revenue is recognised on a daily basis based on occupancy at the agreed price (net of discount and VAT). The performance obligation is satisfied at the point the service is provided and payment is generally due at the end of the guest stay at the accommodation.

Gaming machine income is recognised, in the group's capacity as agent, where net takings are recognised as earned on the group's proportion of gaming machine proceeds in the period of sale.

Partnerships & Ventures

Food and drink

Revenue is recognised at the point at which food and drinks are provided based on till receipts taken in our licensed estate. Promotional discounts are recorded at point of sale. Revenue is reported on product sales net of VAT and discounts applied.

The performance obligation is satisfied upon the delivery of the food and drink and payment of the transaction price is due immediately when the customer purchases the food and/or drink.

Other services

Accommodation revenue is recognised on a daily basis based on occupancy at the agreed price (net of discount and VAT). The performance obligation is satisfied at the point the service is provided and payment is generally due at the end of the guest stay at the accommodation.

Gaming machine income is recognised, in the group's capacity as agent, where net takings are recognised as earned on the group's proportion of gaming machine proceeds in the period of sale.

Drink/product sales to leased and tenanted pubs

The group supplies tenants with a variety of products recognising the sale upon delivery to the pub. At this point the tenant is solely responsible for stock management and no refunds are given for out of date products, passing all risks and rewards of ownership to the tenant.

The tenancy agreement may also include volume incentives in the form of retros, which are deemed to be related transactions and therefore the cost of retro is recognised simultaneously, provided that the cost can be measured reliably. The net of the proceeds from sale and the expected retro is disclosed as revenue. The accrued value for rebates payable is included within other payables.

Rental income

The group recognises rental income on a straight-line basis over the term of the lease, as the performance obligation is satisfied over time, based on the contractual terms of the lease agreement.

Gaming machine income

Gaming machine income is recognised, in the group's capacity as agent, where net takings are recognised as earned on the group's proportion of gaming machine proceeds in the period of sale.

Franchise arrangements
The group has a number of franchise arrangements with its tenants, where the group controls the goods and services before they are transferred to the customer and accordingly revenue is recognised gross by the group.

Brewing & Brands

Brewing & Brands drink revenue is recognised upon delivery date, net of VAT and duty and discounts applied. Export revenue is recognised on export sales based on the invoice date. Products are shipped on a 'free on board' basis, with risk and rewards of ownership being transferred, and performance obligation satisfied, from the group upon shipment rather than the receipt by the customer. The export revenue is immaterial to the group therefore no information about geographical regions has been provided as the group's activities are predominantly domestic.

Supplier rebates

Supplier rebates are included within operating profit as they are earned as there is no significant uncertainty. The accrued value at the reporting date is included within other receivables. Other receivables are recognised at fair value.

Leases

Group as lessee

For any new contracts entered into, the group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition, the group assesses whether the contract meets all of the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contact or implicitly specified by being identified at the time the asset is made available to the group

- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the group has the right to direct the use of the identified asset throughout the period of use. The group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between repayment of the lease liability and finance cost. The finance cost is charged to the income statement over the lease term to produce a constant periodic rate of interest on the outstanding lease liability balance. The right-of-use asset is depreciated over the shorter of the asset's expected useful life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the group in which case the asset is depreciated to the end of the useful life of the asset.

The lease liability is initially measured as the present value of future lease payments, discounted using the interest rate implicit in the lease. Where this rate is not determinable, the incremental borrowing rate is used, which is the interest rate the entity would have to pay to borrow the amount necessary to obtain an asset of similar value, in a similar economic environment with similar terms and conditions.

The right-of-use asset is initially measured at cost, comprising the initial value of the lease liability, any lease payments made (net of any incentives received from the lessor) before the commencement of the lease, any initial direct costs and any restoration costs.

For changes to existing contracts such as fair market rent reviews or other modifications, a remeasurement is recorded in both right-of-use asset and lease liability based upon the net present value of the incremental change of cashflows discounted at the IBR.

Right of use assets (ROUA) are measured at either:

- their carrying amount as if IFRS 16 had been applied since the lease commencement date, discounted by the group's incremental borrowing rate as at 29 April 2019. The group has applied this methodology to the majority of its property leases where sufficient historical information has been available to facilitate this.

- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. This has been applied to a small number of property leases where it was not possible to ascertain sufficient historical data to enable a retrospective calculation. This method has also been applied to the group's other assets.

Each right-of-use asset is depreciated over the shorter of its useful life and the lease term on a straight-line basis unless the lease is expected to transfer ownership of the underlying asset to the group in which case the asset is depreciated to the end of the useful life of the asset.

Payments in respect of leases of either short-term, low-value or based on variable rental payments continue to be charged to the income statement on a straight-line basis over the lease term.

Group as lessor

Leases in which the group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases for which the group is a lessor are classified as operating leases.

Merger reserve

The merger reserve represents capital contributions received and amounts recognised on the acquisition of Spirit Pub Company Limited being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

Taxes

Income tax

The income tax charge comprises both the income tax payable based on profits for the period and the deferred income tax. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Income tax relating to items recognised in OCI and equity are recognised in OCI and equity respectively.

Deferred tax

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values in the financial statements.

Deferred tax is recognised for all temporary differences except where the deferred tax arises from the initial recognition of goodwill (for taxable temporary differences) or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or, in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured, on an undiscounted basis, at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to offset income tax assets and income tax liabilities and they relate to the same taxable entity and same tax authority and when it is the intention to settle the balances on a net basis.

Deferred tax relating to items recognised in OCI and equity are recognised in OCI and equity respectively.

Uncertain tax positions

A current tax provision is recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Tax benefits are not recognised unless it is probable that the benefit will be obtained, and tax provisions are made if it is probable that a liability will arise. The group reviews its uncertain tax positions each period in order to determine the appropriate accounting treatment.

Adjusting items and adjusted profitability measures

Management uses a range of measures to monitor and assess the group's financial performance. These measures include a combination of statutory measures calculated in accordance with IFRS and alternative performance measures (APMs). The income statement includes the following adjusted measures of profitability:

- Adjusted operating profit/loss;
- Adjusted finance costs and;
- Adjusted tax.

Management believes that APMs provide useful additional information about the group's performance and these are used by management internally.

These measures represent the equivalent IFRS measures but are adjusted to exclude items that management considers would prevent comparison of the group's performance both from one reporting period to another and with other similar businesses. Adjusting items are not defined under IFRS. Adjusting items are classified as those which are separately identifiable by virtue of their size, nature or expected frequency and therefore warrant separate presentation or allow a better understanding of the underlying performance of the business. Presentation of these measures are not intended to be a substitute for or intended to promote them above statutory measures.

The group's income statement provides a reconciliation of the adjusted profitability measures, excluding adjusting items to the equivalent unadjusted IFRS measures. Adjusting items are then further detailed in note 5 to the financial statements.

Items that are considered to be adjusting and that are therefore separately identified in order to aid comparability may include the following:

- profits or losses resulting from the disposal of a business or investment;
- costs incurred in association with business combinations, such as legal and professional fees and stamp duty, that are excluded from the fair value of the consideration of the business combination;
- one-off restructuring and integration costs that are incurred either following a business combination or following a restructuring of the group's support functions. These costs can be significant and would prevent year-on-year comparability of the group's trading if not separately identified;
- impairment charges/(reversals) in respect of tangible and intangible assets;
- one-off past services charges in relation to guaranteed minimum pension benefits;
- revaluation (gain)/losses on investment property
- finance costs or income resulting from gains or losses upon the settlement of interest rate swap and bond liabilities and from cumulative gains or losses recycled in full to the income statement where the swaps have been terminated. These amounts may be significant and are separately identified as the instruments they relate to would no longer form part of the group's ongoing capital structure;
- fair value gains and losses on the ineffective element of cash flow hedges and fair value movements in respect of derivatives not qualified for hedge accounting. Such items are separately presented as movements may be both significant and volatile;
- significant and/or one-off tax settlements in respect of prior periods (including any related interest), and the tax impact of the items identified above and movements on the licensed estate are included as adjusting items. These items are separately identified to allow management and investors to separately understand tax charges relating to in-year ongoing activity and what relates to prior periods;
- one-off costs relating to the outbreak of a pandemic, to include the costs of write off of obsolete stock, increase in the expected credit loss of trade debtors and free trade loans, and other costs or reversals directly attributable to either the closure of pubs during the outbreak period or preparing the sites for reopening;
- employee costs and other legal and professional fees incurred in relation to restructuring cost associated with changes to management, group refinancing activities and defending uncertain tax positions;

- profit or loss on the disposal of property, plant and equipment, where the group disposes of properties that it no longer considers meet the ongoing needs of the business. These profits or losses could be significant and volatile and are not reflective of the group's ongoing trading results;

- gains or losses resulting from the settlement of liabilities in respect of the group's pension schemes;

- insurance compensation received to meet the costs of restoring sites damaged by fire. Such compensation may be receivable over a lengthy time period and be of a large total amount;

- the impact of changes in the statutory tax rates;

- the impact of changes to the tax base cost of group's licensed estate and indexation; and

- other adjustments in respect of prior periods' tax arising from finalising the tax returns for earlier periods and rolled over gains on the licensed estate.

Changes to reportable segments

Following changes to the structure of the group's internal organisation and the subsequent changes to the way financial and management information is presented to the board and the executive board, the composition of the group's reportable segments changed for the year ended 31 December 2023.

The activities of Premium, Urban & Venture division were separated. Urban pubs were transferred to a new Greene King pubs division (along with the legacy Local Pubs division). Ventures and Premium were merged with Pub Partners to create the Partnerships & Ventures division.

The segments disclosure note for the year ended 1 January 2023 has been amended as follows:

	Local Pubs	Destination Food Brands	Premium, Urban and Ventures	Pub Partners	Greene King pubs	Destination Brands	Partnerships & Ventures
52 weeks ended 1 January 2023	**£m As reported**	**£m As reported**	**£m As reported**	**£m As reported**	**£m Restated**	**£m Restated**	**£m Restated**
Revenue	535.6	757.9	502.0	172.6	855.9	770.5	341.7
Analysed as:							
Goods							
– Drink	357.6	293.6	346.6	116.9	586.3	326.5	201.9
– Food	158.1	424.3	127.5	2.7	241.5	407.5	63.6
	515.7	717.9	474.1	119.6	827.8	734.0	265.5
Services							
– Other services[1]	19.9	40.0	27.9	53.0	28.1	36.5	76.2
Adjusted EBITDA[2]	84.4	87.3	112.1	81.3	161.3	94.4	109.4
Adjusted operating profit	57.2	46.8	80.6	68.9	111.8	51.9	89.8
Adjusting operating items	6.8	25.7	19.5	6.2	20.1	14.6	23.5
Lease interest	(4.4)	(3.6)	(9.5)	(1.1)	(11.9)	(4.9)	(1.8)
Segment profit[3]	59.6	68.9	90.6	74.0	120.0	61.6	111.5

1. Other services include accommodation, rental and gaming machine income.
2. EBITDA represents earnings before interest, tax, depreciation, amortisation and adjusting items and is reconciled on page 107.
3. Segment profit/(loss) for the trading divisions represents operating profit after lease interest.

3 SEGMENT INFORMATION

The group has four reportable segments which are based on the information presented to the Chief Executive Officer, who is considered to be the chief operating decision maker. No aggregation of segments has been performed. The four segments are largely organised and managed separately according to the nature of products and services provided, distribution channels and profile of customers. The segments include the following businesses:

Greene King pubs: Wet and food-led managed pubs

Destination Brands: Food-led managed pubs

Partnerships & Ventures: Leased, tenanted, franchised pubs and venture businesses. Venture businesses include managed pubs, hotels and restaurants.

Brewing & Brands: Brewing, marketing and selling beer. Revenue disclosed is solely in relation to third parties.

52 weeks 31 December 2023	Greene King pubs £m	Destination Brands £m	Partnerships & Ventures £m	Brewing & Brands £m	Corporate £m	Total operations £m
Revenue	938.4	787.4	420.9	228.7	-	2,375.4
Analysed as:						
Goods						
– Drink	638.6	330.7	235.7	228.7	-	1,433.7
– Food	267.5	416.1	109.3	-	-	792.9
	906.1	746.8	345.0	228.7	-	2,226.6
Services						
– Other services[1]	32.3	40.6	75.9	-	-	148.8
Adjusted EBITDA[2]	**176.0**	**90.3**	**106.0**	**32.2**	**(75.3)**	**329.2**
Adjusted operating profit/(loss)	121.7	47.5	78.3	**21.3**	**(82.7)**	**186.1**
Adjusting operating items	10.8	4.3	(33.0)	(0.3)	(0.7)	(18.9)
Lease interest	(12.0)	(4.8)	(2.3)	(1.5)	(1.0)	(21.6)
Net finance costs	-	-	-	-	-	(100.4)
Income tax charge	-	-	-	-	-	(5.1)
Segment profit/(loss)[3]	**120.5**	**47.0**	**43.0**	**19.5**	**(84.4)**	**40.1**

52 weeks 1 January 2023	Greene King pubs £m Restated	Destination Brands £m Restated	Partnerships & Ventures £m Restated	Brewing & Brands £m	Corporate £m	Total operations £m
Revenue	855.9	770.5	341.7	208.3	-	2,176.4
Analysed as:						
Goods						
– Drink	586.3	326.5	201.9	208.3	-	1,323.0
– Food	241.5	407.5	63.6	-	-	712.6
	827.8	734.0	265.5	208.3	-	2,035.6
Services						
– Other services[1]	28.1	36.5	76.2	-	-	140.8
Adjusted EBITDA[2]	161.3	94.4	109.4	29.7	(73.7)	321.1
Adjusted operating profit/(loss)	111.8	51.9	89.8	20.6	(81.5)	192.6
Adjusting operating items	20.1	14.6	23.5	5.7	(7.3)	56.6
Lease interest	(11.9)	(4.9)	(1.8)	(1.0)	(1.0)	(20.6)
Net finance costs	-	-	-	-	-	(130.2)
Income tax charge	-	-	-	-	-	(30.5)
Segment profit/(loss)[3]	120.0	61.6	111.5	25.3	(89.8)	67.9

1. Other services include accommodation, rental and gaming machine income.
2. EBITDA represents earnings before interest, tax, depreciation, amortisation and adjusting items and is reconciled on page 107.
3. Segment profit/(loss) for the trading divisions represents operating profit after lease interest. For the corporate division segment loss represents operating loss after net finance costs and income tax charge.

Revenue from services includes rent receivable from licensed properties of £49.4m (prior period: £52.7m).

Management reporting and controlling systems

Management monitors the operating results of its strategic business units separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on segment adjusted operating profit or loss referred to as trading profit in the group's management and reporting systems. Included within the corporate column in the table above are functions managed by a central division.

No information about geographical regions has been provided as the group's activities are predominantly domestic.

4 OPERATING COSTS

Operating profit is stated after charging/(crediting):

	52 weeks 31 December 2023			52 weeks 1 January 2023		
	Before adjusting items	**Adjusting items**	**Total**	Before adjusting items	Adjusting items	Total
	£m	**£m**	**£m**	£m	£m	£m
Cost of products sold recognised as an expense	**682.7**	**-**	**682.7**	675.1	-	675.1
Employment costs (note 6)	**775.4**	**-**	**775.4**	717.8	-	717.8
Depreciation of property, plant and equipment (note 11)	**104.0**	**-**	**104.0**	93.4	-	93.4
Revaluation of investment property (note 12)	**-**	**(1.6)**	**(1.6)**	-	0.1	0.1
Depreciation of right-of-use assets (note 20)	**37.5**	**-**	**37.5**	34.3	(1.5)	32.8
Amortisation (note 10)	**1.6**	**-**	**1.6**	0.8	-	0.8
Net impairment charge/(reversal) of property, plant, and equipment (note 11) and right-of-use assets (note 20)	**-**	**16.7**	**16.7**	-	(29.0)	(29.0)
Other operating charges	**588.1**	**(0.4)**	**587.7**	462.4	(8.2)	454.2
Net loss/(profit) on disposal (note 5)	**-**	**4.2**	**4.2**	-	(18.0)	(18.0)
	2,189.3	**18.9**	**2,208.2**	1,983.8	(56.6)	1,927.2

Fees earned by the auditor during the period consisted of:	**52 weeks 31 December 2023**	52 weeks 1 January 2023
	£m	£m
Audit of the consolidated financial statements	**0.3**	0.2
Audit of subsidiaries	**1.0**	1.0
Included in other operating charges	**1.3**	1.2

The group's auditors provided audit-related assurances services of £4k in the period (prior period: £4k).

5 ADJUSTING ITEMS

	52 weeks 31 December 2023 £m	52 weeks 1 January 2023 £m
Included in operating profit		
Employee costs, restructuring charges, and other legal and professional fees	**(1.8)**	-
Covid-related (charges)/credits	**(0.9)**	6.8
Net impairment (charge)/reversal of property, plant and equipment (note 11) and right-of-use assets (note 20)	**(16.7)**	29.0
Income/(expense) from Indirect Tax claims	**1.2**	(3.3)
Net (loss)/profit on disposal of property, plant and equipment and leases	**(4.2)**	18.0
Revaluation of investment property (note 12)	**1.6**	(0.1)
Other adjusting items in respect of prior periods	**-**	6.1
Corporate transaction and project costs	**(2.2)**	(4.2)
Insurance proceeds	**4.1**	4.3
Total adjusting items included in operating profit	**(18.9)**	56.6
Included in financing costs		
Amounts recycled from hedging reserve in respect of discontinued hedges	**-**	(17.3)
Loss on settlement of financial liabilities	**-**	(12.4)
Fair value movements of derivatives held at fair value through profit and loss	**-**	4.4
Interest income/(cost) on Indirect Tax claims	**0.3**	(0.5)
Interest income in respect of tax positions and adjustments	**-**	0.7
Total adjusting financing costs	**0.3**	(25.1)
Total adjusting items before tax	**(18.6)**	31.5
Included in tax		
Tax effect of adjusting items	**9.9**	(7.5)
Tax charge in respect of rate change	**(0.3)**	(0.5)
Adjustment in respect of prior periods	**1.1**	(11.7)
Total adjusting tax	**10.7**	(19.7)
Total adjusting items after tax	**(7.9)**	11.8

Adjusting operating costs

During the period a net charge of £0.9m (prior period: £6.8m credit) in relation to Covid was recognised. 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).

The impairment charge relating to properties (property, plant and equipment and right-of-use assets) comprises a gross charge of £83.5m (prior period: £71.0m) offset by a reversal of previously recognised impairment losses of £66.8m (prior period: £100.0m).

The group recognised a net income of £1.2m (prior period: £3.3m charge) in respect of Indirect Tax claims.

The net loss on disposal of property, plant and equipment and leases of £4.2m (prior period: £18.0m profit) comprises a total profit on disposal of £2.5m (prior period: £27.2m) and a total loss on disposal of £6.7m (prior period: £9.2m).

During the period the group recognised a gain of £4.1m (prior period: £4.3m) in respect of insurance compensation to meet the costs of restoring sites damaged by events such as fires and floods.

During the period, the group incurred £1.8m (prior period: £nil) of employee costs, restructuring and other legal and professional fees.

During the period the group recognised a gain of £1.6m (prior period: £0.1m loss) in respect of the revaluation of investment property.

The group incurred £2.2m (prior period: £4.2m) in professional fees on corporate transaction and project cost.

In the prior period the group received £6.1 in respect of items relating to matters in the prior periods across a number of areas including depreciation, legal and HR.

Adjusting finance costs

The group recognised interest income of £0.3m (prior period: £0.5m cost) in relation to the VAT claims (see above).

In the prior year, the group settled financial liabilities in relation to the Spirit secured financing vehicle and entered into a reverse gilt lock derivative to fix gilt yield before the settlement of the Spirit bond. Further, the group terminated the interest rate swap contract which had not qualified for hedge accounting. An exceptional gain of £4.4m was recognised in relation to the mark-to-market movements on the derivative prior to the termination. The group also settled financial liabilities in relation to the Greene King A5 bond and terminated the interest rate swap which had been designated cash flow hedge of the bond. As a result in the prior year, the group recognised the total loss on settlement of the above financial liabilities of £12.4m and additionally reclassified from the hedging reserve the amount of £17.3 in respect of discontinued hedge.

Also in the prior year, £0.7m was recognised in relation to the reversal of the uncertain tax provision, following HRMC's decision not to appeal the First Tier Tribunal's decision in favour of the taxpayer relating to deferred revenue expenditure claims.

Adjusting tax

The adjusting tax credit of £10.7m (prior period: £19.7m charge) is made up of the adjusting items at the blended rate of corporation tax of 23.5% for the period (£4.4m credit) and adjustments for:

- A £3.9m credit for movements in the group's PP&E current and deferred tax (prior period: £1.3m),
- A £3.3m credit in respect of deferred tax assets recognised on capital losses (prior period: £1.9m),
- A £1.2m charge for items that are permanently disallowable for corporation tax (prior period: £0.9m),
- A £1.1m credit for deferred and current tax adjustments in respect of prior periods (prior period: 11.1m charge),
- A £0.5m charge for movement in the group's current and deferred tax on right-of-use assets (prior period: nil),
- A £0.3m charge for rate change adjustments on deferred tax (prior period: £0.3m) from the current rate 23.5% to the closing rate of 25%.

The prior year adjustment credit of £1.1m was primarily caused by increased capital allowances claims for that period. The figure includes a current tax credit of £3.6m, a deferred tax adjustment charge in respect of PP&E of £16.0m and a deferred tax adjustment credit in respect of losses of £14.2m.

6 EMPLOYMENT COSTS

Employment costs (including directors) comprise:

	52 weeks 31 December 2023 Total £m	52 weeks 1 January 2023 Total £m
Wages and salaries	**707.3**	653.3
Social security costs	**52.7**	50.7
Pension costs (note 8)		
- Defined contribution	**15.4**	13.8
	775.4	717.8

Key management personnel

Key management personnel are deemed to be those employees who are directors of Greene King Limited or its subsidiaries, and the senior leadership team of the group.

Remuneration of key management personnel	**52 weeks 31 December 2023 £m**	52 weeks 1 January 2023 £m
Short term employment benefits and benefits under long-term incentive schemes	**12.6**	11.7
Post-employment pension, medical and other benefits	**0.8**	1.1
Included in other operating charges	**13.4**	12.8

Included in the key management personnel table above are amounts receivable by directors of Greene King Limited, these amounts have been separately disclosed as directors' remuneration in the table below. The post-employment pension contributions disclosed below relate to 2 directors (prior period: 2).

Directors' Remuneration	**52 weeks 31 December 2023 £m**	52 weeks 1 January 2023 £m
Short term employment benefits and benefits under long-term incentive schemes	**3.2**	3.1
Post-employment pension, medical and other benefits	**0.2**	0.2
Included in other operating charges	**3.4**	3.3

Highest Paid Director

	52 weeks 31 December 2023 £m	52 weeks 1 January 2023 £m
Aggregate renumeration and benefits under long-term incentive schemes	**2.0**	2.0

The monthly average number of team members during the period was as follows:

	52 weeks 31 December 2023	52 weeks 1 January 2023 Restated
Greene King pubs	**16,714**	16,311
Destination Brands	**16,995**	17,308
Partnerships & Ventures	**5,010**	4,674
Brewing & Brands	**832**	836
Corporate	**1,000**	904
	40,551	40,033

2022 has been restated to reflect the new reporting segments, see note 2 for further details and to include Hickory's team member numbers.

The figures above include 27,926 (prior period: 27,232) part-time team members.

7 FINANCE (COSTS) / INCOME

	52 weeks 31 December 2023 £m	52 weeks 1 January 2023 £m
Bank loans and overdrafts	**(41.8)**	(10.1)
Secured bonds and associated interest rate swaps, liquidity facilities and fees	**(54.9)**	(60.9)
Loans from related parties	**(8.4)**	(29.3)
Interest and finance costs on lease liabilities (note 20)	**(21.6)**	(20.6)
Loss on bond settlement	**-**	(3.2)
Total finance expense for financial liabilities not classified as at fair value through profit or loss	**(126.7)**	(124.1)
Interest on indirect tax claims (note 5)	**0.3**	(0.5)
Interest rate swaps and other derivatives movements		
Loss on cash flow hedges reclassified from equity to profit or loss	**(0.6)**	(8.1)
Amount reclassified from the hedging reserve to profit or loss in respect of discontinued hedges	**-**	(17.3)
Loss on termination of interest rate swaps	**-**	(0.5)
Loss on gilt lock derivative	**-**	(8.7)
	(0.6)	(34.6)
Total finance costs	**(127.0)**	(159.2)
Bank interest	**2.4**	0.5
Total finance income for financial assets not classified as at fair value through profit or loss	**2.4**	0.5
Fair value movements of derivatives not held at fair value through profit and loss	**-**	4.4
Net finance income from pensions (note 8)	**2.6**	2.7
Interest in respect of tax positions and adjustments	**-**	0.8
Total finance income	**5.0**	8.4
Net finance costs	**(122.0)**	(150.8)

8 PENSIONS

Defined contribution pension schemes

The group maintains four defined contribution schemes three of which are open to all new team members and one that closed to new contributions at the end of 2023.

Member funds for the defined contribution schemes are held and administered by the Friends Life Group and Nest. The total cost recognised in operating profit for the period was £15.4m (prior period: £13.8m).

Defined benefit pension schemes and post-employment benefits

The group maintains two defined benefit schemes: the Greene King Pension Scheme and the Spirit (Legacy) Pension Scheme which are closed to new entrants and are closed to future accrual. Only administrative costs and deficit recovery contributions are incurred going forward. Member funds for the defined benefit schemes are held in separate funds independently of the group's finances and are administered by pension trustees. Pension benefits are related to members' final salary at the earlier of retirement or closure to future accrual and their length of service.

The group is aware of the 2023 High Court ruling relating to the validity of certain historical pension changes in the case of Virgin Media Limited, and that this case is expected to be appealed in 2024. The impact, if any, on the group's pension obligations is not known and will be assessed as relevant in future.

Greene King Pension Scheme

The Trustees are required to carry out an actuarial valuation every three years. The result of this valuation determines the level of contributions payable by the group. The last triennial valuation of the Greene King Pension Scheme was performed by the Scheme actuary for the trustees as at 5 April 2021. The valuation as at 5 April 2021 revealed a funding shortfall of £13.3m. The recovery plan shows annual employer contributions of £3.5m per annum for a period of 3 years from 1 April 2021 to be paid into an escrow account due to the improvement in performance in the scheme from the previous valuation. The funds in the escrow account will not be treated as an asset of the scheme but will have access in specific circumstances. The next triennial actuarial valuation of the Greene King Pension Scheme will be as at 5 April 2024.

The scheme was closed to future accruals on 30 September 2012. The group's contributions directly into the scheme during the period were £nil (prior period: £2.6m). The group's contributions into escrow were £3.5m (prior period: £1.5m).

An actuarial valuation was carried out for IAS 19 purposes as at 31 December 2023 by a qualified independent actuary.

Spirit (Legacy) Pension Scheme

The Trustees are required to carry out an actuarial valuation every three years. The result of this valuation determines the level of contributions payable by the group. The last triennial valuation of the Spirit (Legacy) Pension Scheme was performed by the Scheme actuary for the trustees as at 30 June 2021. The valuation as at 30 June 2021 revealed a funding surplus of £22.5m and that no recovery plan is required. The next triennial actuarial valuation of the Spirit (Legacy) Pension Scheme will be as at 30 June 2024.

The scheme was closed to future accruals on 6 April 2005. The group's contributions during the period were £nil (prior period: £nil).

On 19 January 2022 the Spirit Pension scheme entered into a second buy-in policy for c.£110m that provides insurance for a proportion of its members. This takes the total insured value to c. £160m. An actuarial valuation was carried out for IAS 19 purposes as at 31 December 2023 by a qualified independent actuary.

The pension schemes are exposed to inflation and interest rate risks, as well as changes in the life expectancy for pensioners. As the schemes' assets include investments in quoted equity shares, the group is also exposed to equity market risk. The majority of the bonds held by the schemes relate to UK government and corporate bonds, plus liability driven investment (LDI) instruments.

Income Statement

	Pension schemes					
	31 December 2023			1 January 2023		
	Greene King	**Spirit**	**Total**	Greene King	Spirit	Total
	£m	**£m**	**£m**	£m	£m	£m
Interest on pension scheme assets	**13.3**	**16.2**	**29.5**	7.8	11.0	18.8
Interest on scheme liabilities	**(11.6)**	**(15.3)**	**(26.9)**	(7.2)	(8.9)	(16.1)
Net interest on net defined benefit asset	**1.7**	**0.9**	**2.6**	0.6	2.1	2.7

The values of the schemes' liabilities have been determined by a qualified actuary based on the results of the last actuarial valuation, updated to 31 December 2023 using the following principal actuarial assumptions:

	31 December 2023		1 January 2023	
	Greene King	**Spirit**	Greene King	Spirit
Discount rate	**4.5%**	**4.5%**	4.8%	4.8%
Expected pension payment increases	**3.0%**	**3.0%**	3.1%	3.1%
Rate of inflation (RPI)	**3.1%**	**3.1%**	3.3%	3.3%
Rate of inflation (CPI)	**2.5%**	**2.5%**	2.7%	2.7%
The mortality assumptions imply the following expectations of years of life from age 65:				
Man currently aged 40	**22.3**	**21.6**	23.0	22.4
Woman currently aged 40	**25.0**	**24.0**	25.6	24.7
Man currently aged 65	**20.6**	**19.3**	21.3	20.0
Woman currently aged 65	**23.2**	**21.8**	23.8	22.5

Mortality assumptions are based on standard tables adjusted for scheme experience and with an allowance for future improvement in life expectancy.

The table below shows the investment allocation of pension assets against the related liabilities of the pension schemes:

	31 December 2023			1 January 2023		
	Greene King	**Spirit**	**Total**	Greene King	Spirit	Total
	£m	**£m**	**£m**	£m	£m	£m
Investment quoted in active markets						
Equities	**-**	**40.1**	**40.1**	-	39.1	39.1
Bonds	**281.8**	**197.6**	**479.4**	281.2	203.5	484.7
Unquoted investments						
Annuities insurance contracts	**2.6**	**93.0**	**95.6**	2.8	95.9	98.7
Cash	**6.8**	**7.1**	**13.9**	3.8	6.7	10.5
Total fair value of assets	**291.2**	**337.8**	**629.0**	287.8	345.2	633.0
Present value of scheme liabilities:						
Funded plans	**(243.7)**	**(320.8)**	**(564.5)**	(251.1)	(326.7)	(577.8)
Non-current asset recognised	**47.5**	**17.0**	**64.5**	36.7	18.5	55.2

£219.2m (prior period: £239.0m) of the bonds shown in the table above are liability-driven investments designed to match the change in value of the schemes' liabilities.

The movements in the pension schemes' assets/(liabilities) during the period are as follows:

	Pension assets		Pension liabilities		Net Pension
	Greene King	Spirit	Greene King	Spirit	Asset
	£m	£m	£m	£m	£m
Post-employment assets/(liabilities) at 2 January 2022	**415.4**	**587.2**	**(386.6)**	**(479.2)**	**136.8**
Pension interest income/(costs) recognised in the income statement	**7.8**	**11.0**	**(7.2)**	**(8.9)**	**2.7**
Benefits paid	**(14.4)**	**(17.4)**	**14.4**	**17.4**	**-**
Remeasurement gains/(losses) in other comprehensive income:					
Return on plan assets (excluding amounts included in net interest expenses)	**(123.6)**	**(235.6)**	**-**	**-**	**(359.2)**
Actuarial changes arising from changes in demographic assumptions	**-**	**-**	**9.7**	**(5.2)**	**4.5**
Actuarial changes arising from changes in financial assumptions	**-**	**-**	**123.5**	**170.4**	**293.9**
Experience adjustments			**(4.9)**	**(21.2)**	**(26.1)**
Contributions paid	**2.6**	**-**	**-**	**-**	**2.6**
Post-employment assets/(liabilities) at 1 January 2023	**287.8**	**345.2**	**(251.1)**	**(326.7)**	**55.2**
Pension interest income/(costs) recognised in the income statement	13.3	16.2	(11.6)	(15.3)	2.6
Benefits paid	(16.0)	(14.9)	16.0	14.9	-
Remeasurement gains/(losses) in other comprehensive income:					
Return on plan assets (excluding amounts included in net interest expenses)	6.1	(8.7)	-	-	(2.6)
Actuarial changes arising from changes in demographic assumptions	-	-	10.3	16.2	26.5
Actuarial changes arising from changes in financial assumptions	-	-	(4.1)	(5.5)	(9.6)
Experience adjustments	-	-	(3.2)	(4.4)	(7.6)
Post-employment assets/(liabilities) at 31 December 2023	**291.2**	**337.8**	**(243.7)**	**(320.8)**	**64.5**

Presented in the balance sheet as follows:

	31December 2023	1 January 2023
	£m	£m
Post-employment assets	**64.5**	55.2

The sensitivities regarding the principal assumptions assessed in isolation that have been used to measure the scheme liabilities are set out below:

	Decrease/(increase) in liability	
	31 December 2023	1 January 2023
	£m	£m
0.5% points increase in discount rate (prior period: 0.25% points)	**32.1**	17.5
0.5% points increase in inflation assumption (prior period: 0.25% points)	**(21.8)**	(11.2)
Additional one-year increase to life expectancy	**(21.2)**	(20.3)

There are no expected contributions to the defined benefit plan in future years and there are also no minimum funding requirements.

The average duration of the defined benefit scheme's obligations at the end of the period is 13 years (prior period: 13 years).

9 TAXATION

Consolidated income statement	31 December 2023 Total £m	1 January 2023 Total £m
Income tax		
Corporation tax before adjusting items	**2.1**	16.8
Current income tax	**2.1**	16.8
Adjustment in respect of prior periods	**(3.6)**	(3.4)
	(1.5)	13.4
Deferred tax		
Origination and reversal of temporary differences	**4.0**	1.5
Adjustment in respect of prior periods	**2.4**	15.1
Tax charge in respect of rate change	**0.2**	0.5
	6.6	17.1
Tax charge in the income statement	**5.1**	30.5

Group statement of comprehensive income	31 December 2023 £m	1 January 2023 £m
Deferred tax		
Remeasurement gain/(loss) on defined benefit pension schemes	**1.7**	(21.7)
Net (loss)/gain on revaluation on cash flow hedges	**(1.6)**	29.8
Total deferred tax charge	**0.1**	8.1

Reconciliation of income tax charge for the period	31 December 2023 £m	1 January 2023 £m
The effective rate of taxation is lower (prior period: lower) than the main rate of corporation tax. The differences are explained below:		
Profit before tax	**45.2**	98.4
Profit before tax multiplied by the blended tax rate of 23.5% (prior period: 19.0%)	**10.6**	18.7
Adjusted for the effects of:		
Expenditure not allowable	**1.7**	0.9
Non-deductible interest	**-**	3.5
Capital allowances super deduction	**(0.5)**	(1.6)
Deferred tax in respect of PP&E	**(6.0)**	(3.3)
Deferred tax movements on IFRS16 balances	**0.3**	0.1
Change in tax rate on deferred tax balances	**0.2**	0.5
Adjustment in respect of prior periods – current tax	**(3.6)**	(3.4)
Adjustment in respect of prior periods – deferred tax	**2.4**	15.1
Income tax charge reported in the income statement	**5.1**	30.5

Note 5 discusses the adjusting tax items.

Income tax position

The group's current tax receivable of £14.0m (prior period: £1.4m payable) reflects the amount of tax due from HMRC in respect of the current period.

Deferred tax

The deferred tax included in the group's balance sheet is as follows:

Deferred tax assets	Capital losses	Derivatives £m	Corporate interest restriction £m	Other temporary differences £m	Trading losses £m	Total
At 2 January 2022	42.5	37.7	77.0	12.1	25.5	194.8
Charge to equity/comprehensive income	-	(29.8)	-	-	-	(29.8)
(Charge)/credit to the income statement	(3.6)	(1.8)	8.3	(5.0)	(25.3)	(27.4)
Charge to goodwill	-	-	-	(2.6)	-	(2.6)
At 1 January 2023	**38.9**	**6.1**	**85.3**	**4.5**	**0.2**	**135.0**
Charge to equity/comprehensive income	-	1.6	-	-	-	1.6
Credit/(charge) to the income statement	4.1	-	5.8	(1.3)	14.2	22.8
At 31 December 2023	**43.0**	**7.7**	**91.1**	**3.2**	**14.4**	**159.4**

Deferred tax liabilities	Post-employment assets £m	Accelerated capital allowances £m	Unrealised gains £m	IFRS 16 £m	Total £m
At 2 January 2022	(34.2)	(35.3)	(128.1)	(29.0)	(226.6)
Charge to equity/comprehensive income	21.7	-	-	-	21.7
(Charge)/credit to the income statement	(1.3)	(13.8)	5.9	19.4	10.2
Charge to goodwill	-	(1.5)	(0.5)	(5.6)	(7.6)
At 1 January 2023	**(13.8)**	**(50.6)**	**(122.7)**	**(15.2)**	**(202.3)**
Charge to equity/comprehensive income	(1.7)	-	-	-	(1.7)
(Charge)/credit to the income statement	(0.7)	(33.4)	(1.7)	6.4	(29.4)
At 31 December 2023	**(16.2)**	**(84.0)**	**(124.4)**	**(8.8)**	**(233.4)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset income tax assets and income tax liabilities and when it is the intention to settle the balances on a net basis. Deferred tax assets and liabilities have therefore been offset and disclosed on the balance sheet as follows.

	31 December 2023 £m	1 January 2023 £m
Net deferred tax liability	**(74.0)**	(67.3)

At 31 December 2023, the group had unused trading losses of £59.3m (prior period: £1.1m) and unused capital losses of £781.0m (prior period: £774.3m). A deferred tax asset of £14.4m (prior period: £0.3m) has been recognised in respect of trading losses. A deferred tax asset of £43.0m (prior period: £39.0m) has been recognised in respect of capital losses. No deferred tax has been recognised in respect of £609.0 (prior period: 618.5m) of capital losses. Current legislation allows the group's tax losses to be carried forward indefinitely.

Factors that may affect future tax charges

Under Finance Act 2021 enacted on 10 June 2021, the main rate of corporation tax increased to 25% from 1 April 2023. Accordingly, the group is subject to a blended rate of corporation tax of 23.5% for the period. The net deferred tax liability has been calculated using the rates at which each temporary difference is expected to reverse.

Under Finance (No. 2) Act 2023 enacted 20 June 2023, a global minimum effective tax rate of 15% is introduced for periods of account beginning on or after 31 December 2023. Top-up taxes payable under this legislation are known as Pillar Two income taxes.

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amended the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted (or substantively enacted) to implement the Pillar Two model rules published by the OECD. This includes tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12. In applying this exception, an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The Group is part of the wider CK Asset Holdings Limited group, so will have to consider the Pillar Two implications from a groupwide perspective. As a number of jurisdictions are implementing Pillar Two legislation at different times, there is a degree of uncertainty as to the application of the rules to the Greene King group. Pillar Two legislation has been enacted in the UK, with effect from 1 January 2024, and as such, an assessment of the potential exposure to Pillar Two income taxes has been performed based on the Greene King group's performance. Based on this assessment, the Group does not anticipate a significant top-up tax to arise for the Greene King group. The Group will continue to monitor this assessment as additional rules and guidance are issued.

10 GOODWILL AND BRAND INTANGIBLES

	Brand intangibles £m	Goodwill £m
Cost		
At 2 January 2022	16.1	1,099.5
Additions	10.3	19.5
At 1 January 2023 and 31 December 2023	**26.4**	**1,119.0**
Impairment and amortisation		
At 2 January 2022	8.7	194.3
Amortisation	0.8	-
At 1 January 2023	9.5	194.3
Amortisation	1.6	-
At 31 December 2023	**11.1**	**194.3**
Net book value		
At 31 December 2023	**15.3**	**924.7**
At 1 January 2023	16.9	924.7
At 2 January 2022	7.4	905.2

Brand intangibles were recognised as part of business combinations. Brand intangibles are amortised over the expected life of the asset and have an average remaining useful life of 9 years and all relate to the Greene King pubs, Destination Brands and Partnerships & Ventures divisions.

All goodwill was recognised as part of business combinations. Goodwill has been allocated to reporting segments, the lowest group of cash-generating units in the group at which goodwill is monitored internally, based on the extent that the benefits of acquisitions flow to that segment.

The carrying amount of goodwill is allocated as follows:

	31 December 2023 £m	1 January 2023 £m Restated
Greene King pubs	**494.8**	494.8
Destination Brands	**217.1**	217.1
Partnerships & Ventures	**172.2**	172.2
Brewing & Brands	**40.6**	40.6
	924.7	924.7

2022 has been restated to reflect the new reporting segments, see note 2 for further details.

Goodwill impairment testing

The recoverable amount of each segment was determined on a value-in-use basis, using cash flow projections which are based on the latest strategy plan approved by the board, and in all cases exceeded the carrying amount.

The key assumption used in the value-in-use calculations are forecasted cash flows which are based on the group's latest board approved five-year strategic plan. Other assumptions used in the value-in-use calculation include the pre-tax discount rate and a long-term growth rate used to extrapolate cash flows beyond the forecasted period:

- The discount rate has been based on the group's WACC of 8.6% (prior period: 7.6%). As the risk factors are considered to be similar in each of the group's reporting segments the same discount rate is applied to all five divisions; and
- A long-term growth rate of 2.0% in Greene King pubs and Destination Brands, 1.9% in Partnerships & Ventures, Brewing & Brands (-1.5%) has been used. These rates are all below the long-term UK inflation and reflect the anticipated trends in future trading performance.

Sensitivity to changes in assumptions

The goodwill valuation is most sensitive to changes in the assumptions used for forecasted cash flows, pre-tax discount rate, and long-term growth rate. Management considers that reasonably possible changes in assumptions would be an increase in pre-tax discount rate of 0.5%, a 10% reduction in the 5-year strategy plan net cash flows or a deterioration in the long-term growth rate by 25%.

The 10% reduction in the 5-year strategy plan net cash flows and the deterioration in the long-term growth rate by 25% would result in an impairment of goodwill in the Destination Brands and Partnerships & Ventures divisions only, see below. The remaining sensitivities would not result in an impairment of goodwill.

	Destination Brands £m	Destination Brands Breakeven point %	Partnerships & Ventures £m	Partnerships & Ventures Breakeven point %
10% reduction in the 5-year strategy plan	85.1	4.9%	85.0	3.5%
25% reduction in long term growth rate	53.7	14.8%	45.3	12.5%

11 PROPERTY, PLANT AND EQUIPMENT

	Licensed estate		Other		
	Land and buildings £m	Plant and equipment £m	Land and buildings £m	Plant and equipment £m	Total £m
Cost					
At 2 January 2022	**3,520.4**	**1,250.3**	**81.7**	**172.1**	**5,024.5**
Business acquisition	18.9	15.3	-	-	34.2
Additions (see below)	60.1	122.0	4.0	22.0	208.1
Transfer to property, plant and equipment held for sale	(3.2)	(1.5)	-	-	(4.7)
Transfer to Investment property	(1.4)	(0.4)	(2.6)	(0.7)	(5.1)
Disposals	(6.8)	(6.4)	(0.4)	(32.8)	(46.4)
At 1 January 2023	**3,588.0**	**1,379.3**	**82.7**	**160.6**	**5,210.6**
Additions (see below)	56.1	124.9	0.9	33.2	215.1
Transfer to property, plant and equipment held for sale	(1.1)	(0.1)	-	-	(1.2)
Transfer to Investment property	(0.1)	-		-	(0.1)
Transfer to Licensed estate	1.9	-	(1.9)	-	-
Disposals	(5.7)	(14.3)	(1.2)	(1.6)	(22.8)
At 31 December 2023	**3,639.1**	**1,489.8**	**80.5**	**192.2**	**5,401.6**
Depreciation and impairment					
At 2 January 2022	**293.8**	**853.3**	**19.8**	**139.7**	**1,306.6**
Depreciation	13.8	70.9	1.0	7.7	93.4
Written back on disposals	(2.1)	(5.6)	(1.7)	(32.9)	(42.3)
Impairment (see below)	56.1	7.1	2.0	0.4	65.6
Impairment reversal (see below)	(82.3)	(13.2)	-	-	(95.5)
Transfer to property, plant and equipment held for sale	(2.2)	(1.5)	-	-	(3.7)
Transfer to Investment property	(0.7)	(0.4)	(0.2)	(0.6)	(1.9)
At 1 January 2023	**276.4**	**910.6**	**20.9**	**114.3**	**1,322.2**
Depreciation	16.8	77.5	1.0	8.7	104.0
Written back on disposals	(5.2)	(11.7)	-	(1.5)	(18.4)
Impairment (see below)	61.5	10.8	1.2	0.1	73.6
Impairment reversal (see below)	(56.0)	(6.8)	(0.3)	(0.1)	(63.2)
Transfer to property, plant and equipment held for sale	-	(0.1)	-	-	(0.1)
At 31 December 2023	**293.5**	**980.3**	**22.8**	**121.5**	**1,418.1**
Net book value					
At 31 December 2023	**3,345.6**	**509.5**	**57.7**	**70.7**	**3,983.5**
At 1 January 2023	3,311.6	468.7	61.8	46.3	3,888.4
At 2 January 2022	3,226.6	397.0	61.9	32.4	3,717.9

Additions in the period	**31 December 2023**	1 January 2023
	£m	£m
Consideration paid for Freehold reversion	**9.4**	8.9
Transfer of right-of-use assets (note 20)	**8.9**	4.2
Transfer of lease liabilities (note 20)	**(4.8)**	(6.9)
Total capitalised for freehold reversions	**13.5**	6.2
Other property, plant and equipment additions	**201.5**	201.9
Total additions	**215.0**	208.1

The licensed estate relates to properties, and assets held within those properties which are licensed to sell alcohol (i.e. managed, tenanted, and leased houses). Other assets relate to property, plant and equipment associated with unlicensed properties (i.e. brewing, distribution, and central assets).

The net book value of land and buildings comprises:

	31 December 2023 £m	1 January 2023 £m
Freehold properties	3,246.6	3,213.2
Leasehold property improvements >50 years unexpired term	94.0	94.7
Leasehold property improvements <50 years unexpired term	62.7	65.4
	3, 403.3	3,373.3

The disaggregation of land and buildings into assets leased to tenants under operating leases and those held by the group is as follows:

	31 December 2023			1 January 2023		
Licensed Estate	**Leased to tenants £m**	**Used by the group £m**	**Total £m**	Leased to tenants £m	Used by the group £m	Total £m
Cost	**806.4**	**2,832.7**	**3,639.1**	818.0	2,770.0	3,588.0
Depreciation and impairment	**(133.6)**	**(159.9)**	**(293.5)**	(148.8)	(127.6)	(276.4)
Net Book Value	**672.8**	**2,672.8**	**3,345.6**	669.2	2,642.4	3,311.6

Charges over assets

Included in property, plant and equipment are assets with a group net book value of £2,019.2m (prior period: £1,995.0m) over which there are first charges in favour of the securitised debt holders of the Greene King secured financing vehicle.

Future capital expenditure

	31 December 2023 £m	1 January 2023 £m
Contracted for	14.6	11.8

Impairment of property, plant and equipment

During the period to 31 December 2023 the group has recognised a net impairment charge of £10.4m (prior period: £29.9m reversal). This is comprised of an impairment charge of £73.6m (prior period: £65.6m) and reversal of previously recognised impairment losses of £63.2m (prior period: £95.5m). The recoverable amounts for assets impaired were based on the higher of value in use or fair value less cost of disposal.

These are analysed between the group's principal reporting segments as shown below:

	31 December 2023			1 January 2023		
	Impairment £m	**Reversal of impairment £m**	**Net impairment £m**	Impairment £m Restated	Reversal of impairment £m Restated	Net impairment £m Restated
Greene King pubs	**19.6**	**(33.7)**	**(14.1)**	18.8	(29.4)	(10.6)
Destination Brands	**20.3**	**(23.8)**	**(3.5)**	31.8	(47.3)	(15.5)
Partnerships & Ventures	**32.5**	**(5.3)**	**27.2**	12.6	(18.8)	(6.2)
Brewing & Brands	**-**	**-**	**-**	0.4	-	0.4
Corporate	**1.2**	**(0.4)**	**0.8**	2.0	-	2.0
	73.6	**(63.2)**	**10.4**	65.6	(95.5)	(29.9)

2022 has been restated to reflect the new reporting segments, see note 2 for further details.

The group considers that each of its individual pubs is a cash-generating unit (CGU). Each CGU is reviewed annually for indicators of impairment or impairment reversal. When indicators of impairment or impairment reversal are identified the carrying value of the CGU is compared to its recoverable amount. The recoverable amount for assets impaired or with impairment reversal were based on the higher of value in use or fair value less cost of disposal. The net impairment charge is primarily been driven by the increase in WACC.

The group estimates value in use using a discounted cash flow model. The key assumption used in the value-in-use calculations are forecasted cash flow projections which are based on the latest strategy plan approved by the board. Other assumptions used in the value-in-use calculations are the discount rate applied to those cash flows of 8.6% (prior period: 7.6%) and the long-term growth rate of 2.0% (prior period: 1.5%) in Greene King pubs and Destination Brands and 1.8-2.0% (prior period: 1.5-1.8%) in Partnerships & Ventures which are below the long-term UK inflation rate and reflects anticipated trends in future trading performance. As risk factors are considered to be similar in each of the group's reporting segments the same level of discount rate is applied to all.

Estimates of fair value less costs of disposal are based on both internal and external valuations, with the latest external valuation being performed in November 2023. The valuation considers assumptions such as current and future projected income levels, which take account of the location and quality of the pub. In addition, recent market transactions in the sector and potential alternative use values have been considered.

The valuation techniques applied are consistent with the principles in IFRS 13 Fair Value Measurement. As they use significant unobservable inputs, this is a recurring fair value measurement falling within Level 3 of the fair value hierarchy, which is further explained in note 22.

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon judgments used in arriving at fair values, future growth rates and the discount rate applied to cash flow projections. The net impact on the impairment charge of applying different assumptions to fair values, the growth rates used to calculate cash flow projections and in the pre-tax discount rates used to estimate value in use would be as follows:

Increased net impairment resulting from:	A 10% reduction in fair value less cost of disposal		A 10% reduction in the 5-year strategy plan net cash flows[1]		A 0.5% pts increase in discount rate		A 25% reduction in long-term growth rate	
	31 December 2023 £m	1 January 2023 £m Restated	**31 December 2023 £m**	1 January 2023 £m Restated	**31 December 2023 £m**	1 January 2023 £m Restated	**31 December 2023 £m**	1 January 2023 £m Restated
Greene King pubs	**2.8**	7.0	**4.2**	3.4	**4.8**	6.6	**3.9**	3.6
Destination Brands	**7.7**	8.9	**5.7**	4.2	**6.5**	6.8	**4.8**	3.8
Partnerships & Ventures	**3.3**	3.6	**7.8**	1.2	**5.6**	2.5	**4.4**	1.7
Corporate	**0.3**	0.3	**-**	-	**-**	-	**-**	-
	14.1	19.8	**17.7**	8.8	**16.9**	15.9	**13.1**	9.1

2022 has been restated to reflect the new reporting segments, see note 2 for further details.

[1]The sensitivity relating to a 10% reduction in the 5-year strategy plan net cash flows has been revised from the sensitivity ran in 2022 which was based on a 5% reduction in the 5-year strategy plan net cash flows. The 2022 position has not been restated to run this sensitivity based on a 10% reduction.

12 INVESTMENT PROPERTIES

During the period, the company transferred one site from property, plant and equipment (note 11).

	Investment properties £m	Total £m
Fair Value		
At 2 January 2022	-	-
Additions	0.2	0.2
Transferred from property, plant and equipment	3.2	3.2
Increase in fair value	(0.1)	(0.1)
At 1 January 2023	**3.3**	**3.3**
Additions	1.0	1.0
Transferred from property, plant and equipment	0.1	0.1
Increase in fair value	1.6	1.6
At 31 December 2023	**6.0**	**6.0**

Amounts recognised in profit and loss for investment properties:

	31 December 2023 £m	1 January 2023 £m
Direct operating expenses from property that did not generate rental income	**0.2**	0.4

Investment properties are properties held for returns on sales or rental and are not occupied by the group. They are carried at fair value and any changes in fair values are presented in the profit or loss as part of other operating expenses, see note 4. The current period valuations were made by Colliers International, independent chartered surveyors, acting as external valuers, on an open market value. The valuation considers assumptions such as the location and quality of the asset and expected income yield. In addition, recent market transactions in the sector and potential alternative use values have been considered. The valuation techniques applied are consistent with the principles in IFRS 13 Fair Value Measurement. As they use significant unobservable inputs, this is a recurring fair value measurement falling within Level 3 of the fair value hierarchy, which is further explained in note 22.

Future capital expenditure	**31 December 2023 £m**	1 January 2023 £m
Contracted for	**1.1**	0.1

13 OTHER FINANCIAL ASSETS

	31 December 2023 £m	1 January 2023 £m
Trade loans (net of provision)	**5.0**	5.0
Total current	**5.0**	5.0
Trade loans (net of provision)	**8.9**	8.5
Total non-current	**8.9**	8.5

Trade loans are net of provisions of £3.2m (prior period: £3.6m). During the period £nil (prior period: £nil) of the provision was utilised and £0.4m (prior period: £4.5m reversed) of the provision was reversed.

Information about the group's exposure to credit and market risks, and impairment losses for Trade Loans is included in note 22.

Trade loans are advanced to customers on terms linked to supply terms such that returns are greater than interest income. The gross fixed rate trade loans amounted to £10.1m (prior period: £9.2m) and gross variable rate trade loans amounted to £7.8m (prior period: £7.9m). Included in fixed rate loans are £8.1m of loans with settlement related to purchase levels (prior period: £6.9m). The write-down of these loans has been taken on a straight-line basis over the remaining term of the loan as an approximation of the settlement within revenue.

The fixed rate trade loans had a weighted average interest rate of 0.1% (prior period: 0.1%) and a weighted average period of 4.06 years (prior period: 3.93 years). Interest rates on variable rate trade loans are linked to base rates.

	31 December 2023 £m	1 January 2023 £m
Trade loans (net of provision)		
Balance at beginning of period	**13.5**	9.2
Advances	**5.2**	4.6
Repayments	**(5.2)**	(4.8)
Provisions reversed	**0.4**	4.5
Balance at end of period	**13.9**	13.5

14 SUBSIDIARY UNDERTAKINGS

Greene King Limited is the beneficial owner of all of the equity share capital, either itself or through subsidiary undertakings, of the following companies.

Subsidiary undertakings	Principal activity	Country of incorporation	Registration Number	Holding	Proportion of voting rights and ownership
Directly held by Greene King Limited					
Gie us Peece Limited[3]	In MVL	Scotland	SC472578	Ordinary shares	100%
Greene King CH Investments Limited[1,7]	Property	England & Wales	13598718	Ordinary shares	100%
Greene King Commercial Investments Limited[1]	Property	England & Wales	13598563	Ordinary shares	100%
Greene King Developments Limited[1]	Non-trading	England & Wales	07425525	Ordinary shares	100%
Greene King GP Limited[1,7.]	Non-trading	England & Wales	01158678	Ordinary shares	100%
Greene King Investments Limited[1,7]	Holding company	England & Wales	07426985	Ordinary shares	100%
Greene King Pension Scheme Limited[1,8]	Pension trustee	England & Wales	00916075	Ordinary shares	100%
Greene King Properties Limited[1]	Property	England & Wales	07543698	Ordinary shares	100%
Greene King Property Development Limited[1,7]	Property	England & Wales	13598526	Ordinary shares	100%
Greene King Pubs Limited[1,7]	Holding company	England & Wales	07427021	Ordinary shares	100%
Greene King Residential Investments Limited[1,7]	Property	England & Wales	13588101	Ordinary shares	100%
Greene King Retailing Parent Limited[1]	Holding company	England & Wales	05265454	Ordinary shares	100%
Johoco 2029 Limited[6]	Holding company	England & Wales	09211866	Ordinary shares	100%
Norman Limited[2]	Holding company	Guernsey	48085	Ordinary shares	100%
Spirit Pub Company Limited[1,7]	Holding company	England & Wales	07662835	Ordinary shares	100%
The Capital Pub Company Limited[1,7.]	Non-trading	England & Wales	04119367	Ordinary shares	100%
Indirectly held by Greene King Limited					
Allied Kunick Entertainments Limited[1]	Non-trading	England & Wales	02911600	Ordinary shares	100%
Ashes Investment LP[1]	Non-trading	England & Wales	LP013616	Partnership Capital	100%
Bar Lounge Limited[6]	Retailing	England & Wales	04755626	Ordinary shares	100%
Belhaven Brewery Company Limited[3]	Non-trading	Scotland	SC022860	Ordinary shares	100%
Belhaven Pubs Limited[3,7.]	Holding company	Scotland	SC146920	Ordinary shares	100%
Cleveland Place Holdings Limited[1,7.]	Holding company	England & Wales	00057987	Ordinary shares	100%
CPH Palladium Limited[1,7.]	Holding company	England & Wales	04661726	Ordinary shares	100%
Dearg Limited[1,7.]	Holding company	England & Wales	04661724	Ordinary shares	100%
Freshwild Limited[1,7.]	Holding company	England & Wales	04555609	Ordinary shares	100%
G.K. Holdings No.1 Limited[1,7]	Holding company	England & Wales	06996820	Ordinary shares	100%
Greene King Acquisitions No.2 Limited[1,7.]	Holding company	England & Wales	05462825	Ordinary shares	100%
Greene King Brewing and Retailing Limited[1]	Brewing and retailing	England & Wales	03298903	Ordinary shares	100%
Greene King Leasing No.1 Limited[1,7.]	Holding company	England & Wales	00025090	Ordinary shares	100%
Greene King Leasing No.2 Limited[1]	Non-trading	England & Wales	02191112	Ordinary shares	100%
Greene King Neighbourhood Estate Pubs Limited[1]	Non-trading	England & Wales	05073303	Ordinary shares	100%
Greene King Retail Services Limited[1]	Employment	England & Wales	03324496	Ordinary shares	100%
Greene King Retailing Limited[1]	Pub retailing	England & Wales	05265451	Ordinary shares	100%
Greene King Services Limited[1]	Non-trading	England & Wales	03324493	Ordinary shares	100%
Hardys & Hansons Limited[1,7.]	Non-trading	England & Wales	00052412	Ordinary shares	100%
Hickory's (ROS) Ltd[6]	Retailing	England & Wales	08119161	Ordinary shares	100%
Hickory's Smokehouse Limited[6]	Dormant	England & Wales	07122366	Ordinary shares	100%
Hickory's (West Kirby) Limited[6]	Dormant	England & Wales	08118716	Ordinary shares	100%
Huggins and Company Limited[1]	Non-trading	England & Wales	00056674	Ordinary shares	100%
Jeely Peece Limited[3]	In MVL	Scotland	SC112027	Ordinary shares	100%
LFR Group Limited[3]	Dormant	Scotland	SC202775	Ordinary shares	100%
Mountloop Limited[1,7.]	Non-trading	England & Wales	04555610	Ordinary shares	100%
Narnain[1,7.]	Holding company	England & Wales	04700766	Ordinary shares	100%
Old English Inns Limited[1,7.]	Non-trading	England & Wales	03864820	Ordinary shares	100%
Premium Dining Restaurants and Pubs Limited[3]	Non-trading	Scotland	SC181811	Ordinary shares	100%

Subsidiary undertakings	Principal activity	Country of incorporation	Registration Number	Holding	Proportion of voting rights and ownership
Indirectly held by Greene King Limited continued					
R.V. Goodhew Limited[1,7,]	Non-trading	England & Wales	00941642	Ordinary shares	100%
Realpubs Developments Limited[1,7,]	Non-trading	England & Wales	06435334	Ordinary shares	100%
Realpubs II Limited[1,7,]	Non-trading	England & Wales	06435335	Ordinary shares	100%
Sapphire Food South West No.2 Limited[1,8,]	Dormant	England & Wales	04524261	Ordinary shares	100%
Serkin Limited[3]	In MVL	Scotland	SC064952	Ordinary shares	100%
Spirit (AKE Holdings) Limited[1,7,]	Holding company	England & Wales	03982423	Ordinary shares	100%
Spirit (Faith) Limited[1]	Non-trading	England & Wales	03724077	Ordinary shares	100%
Spirit (Legacy) Pension Trustee Limited[1,8]	Pension trustee	England & Wales	07729971	Ordinary shares	100%
Spirit (SGL) Limited[1]	Holding company	England & Wales	03982443	Ordinary shares	100%
Spirit Financial Holdings Limited[1,7]	Holding company	England & Wales	04320672	Ordinary shares	100%
Spirit Finco Limited[4]	Non-trading	Cayman Islands	114500	Ordinary shares	100%
Spirit Funding Limited[4]	Non-trading	Cayman Islands	114506	Ordinary shares	100%
Spirit Group Equity Limited[1,7]	Holding company	England & Wales	04271971	Ordinary shares	100%
Spirit Group Holdings Limited[1,7,]	Holding company	England & Wales	04872028	Ordinary shares	100%
Spirit Group Parent Limited[1,7]	Holding company	England & Wales	04872039	Ordinary shares	100%
Spirit Group Retail (Northampton) Limited[1,7]	Non-trading	England & Wales	04090163	Ordinary shares	100%
Spirit Group Retail Limited[1]	Holding company	England & Wales	03794854	Ordinary shares	100%
Spirit Intermediate Holdings Limited[1,7,]	Holding company	England & Wales	04914762	Ordinary shares	100%
Spirit Managed Funding Limited[1]	Non-trading	England & Wales	05266806	Ordinary shares	100%
Spirit Managed Holdings Limited[1,7]	Holding company	England & Wales	04271973	Ordinary shares	100%
Spirit Managed Inns Limited[1]	Non-trading	England & Wales	05266815	Ordinary shares	100%
Spirit Parent Limited[1,8]	Holding company	England & Wales	04271748	Ordinary shares	100%
Spirit Pub Company (Derwent) Limited[1,7,]	Non-trading	England & Wales	08822132	Ordinary shares	100%
Spirit Pub Company (Holdco) Limited[1,7]	Holding company	England & Wales	07662211	Ordinary shares	100%
Spirit Pub Company (Investments) Limited[1,7,]	Non-trading	England & Wales	07020781	Ordinary shares	100%
Spirit Pub Company (Leased) Limited[1]	Leasing of public houses	England & Wales	05699544	Ordinary shares	100%
Spirit Pub Company (Managed) Limited[1]	Pub retailing	England & Wales	05269240	Ordinary shares	100%
Spirit Pub Company (Services) Limited[1,7]	Non-trading	England & Wales	05266811	Ordinary shares	100%
Spirit Pub Company (SGE) Limited[1]	Holding company	England & Wales	07662502	Ordinary shares	100%
Spirit Pub Company (Supply) Limited[1,7]	Non-trading	England & Wales	04341771	Ordinary shares	100%
Spirit Pub Company (Trent) Limited[1]	Pub retailing	England & Wales	05746068	Ordinary shares	100%
Spirit Pubs Debenture Holdings Limited[1,8,]	Holding company	England & Wales	05266779	Ordinary shares	100%
Spirit Pubs Parent Limited[1,7,]	Holding company	England & Wales	05267589	Ordinary shares	100%
Spirit Retail Bidco Limited[1,7,]	Holding company	England & Wales	04872046	Ordinary shares	100%
The Chef & Brewer Group Limited[1]	Holding company	England & Wales	00455013	Ordinary shares	100%
Tom Cobleigh Limited[1,7,]	Non-trading	England & Wales	02673413	Ordinary shares	100%
Ubiquitous Chip Ltd[3]	In MVL	Scotland	SC111803	Ordinary shares	100%
Upstairs at the Grill Limited[6]	Dormant	England & Wales	04750556	Ordinary shares	100%

1. Registered office: Westgate Brewery, Bury St. Edmunds, Suffolk, IP33 1QT.

2. Registered office: Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3AE.

3. Registered office: Belhaven Brewery, Brewery Lane, Dunbar, East Lothian, EH42 1PE.

4. Registered office: PO Box 309, Ugland House, Grand Cayman, KY1-1004.

5. First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF

6. Suites G & H Ground Floor Steam Mill, Steam Mill Street, Chester, Cheshire, CH3 5AN

7. These companies are exempt from the requirement to prepare individual audited financial statements in respect of the 52 week period ended 31 December 2023 by virtue of sections 479A and 479C of the Companies Act 2006.

8. These companies are exempt from the requirement to prepare and file individual dormant financial statements in respect of the 52 week period ended 31 December 2023 by virtue of sections 394A-C and 448A-C of the Companies Act 2006.

Member's voluntary liquidation "MVL"

15 INVENTORIES

	31 December 2023 £m	1 January 2023 £m
Raw materials and work in progress	**3.5**	2.8
Finished goods and goods for resale	**54.6**	48.0
Consumable stores	**3.0**	3.1
	61.1	53.9

Inventory provisions decreased by £1.2m (prior period: £1.5m decrease) in the period.

16 TRADE AND OTHER RECEIVABLES

	31 December 2023 £m	1 January 2023 £m
Trade receivables	**60.9**	62.0
Other receivables	**33.9**	53.1
Amounts owed from related parties (note 29)	**22.0**	22.4
Total current	**116.8**	137.5
Pension escrow account	**5.0**	1.5
Total non-current	**5.0**	1.5

Trade and other receivables are non-interest bearing. Other receivables, recognised at fair value, primarily relate to amounts due from suppliers in respect of rebates and accrued income. In the prior period other receivables also included amounts due from HMRC relating to an indirect tax claim which was settled during the period.

Trade receivables are shown net of a loss allowance of £7.2m (prior period: £7.5m). Information about the group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 22.

17 CASH AND CASH EQUIVALENTS

	31 December 2023 £m	1 January 2023 £m
Cash at bank and in hand	**120.1**	87.5
Cash and cash equivalents for cash flow	**120.1**	87.5

Included in cash at bank and in hand and short-term deposits is £83.9m (prior period: £47.4m) held within securitised bank accounts which are only available for use by the Greene King secured financing vehicle.

The Greene King secured financing vehicle comprises Greene King Retailing Parent Limited and one of its subsidiaries.

Interest receivable on cash and short-term deposits is linked to prevailing interest rates and is received either monthly or quarterly.

18 PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

	31 December 2023 £m	1 January 2023 £m
Property, plant and equipment held for sale	**1.1**	5.1

At the year end, property, plant and equipment held for sale of £1.1m (prior period: £5.1m) represents pubs that are being actively marketed for sale with expected completion dates within one year. The value of property, plant and equipment held for sale represents the expected net disposal proceeds; further details on the valuation of the property, plant and equipment less costs of disposal are held in note 11. The impairment charge on assets held for sale was £nil (prior period: £2.1m).

19 TRADE AND OTHER PAYABLES

	31 December 2023 £m	1 January 2023 £m
Trade payables	**121.2**	79.4
Other payables		
– Other taxation and social security costs	**67.1**	36.7
– Accruals and deferred income	**265.7**	290.0
– Interest payable	**5.6**	6.3
Total current	**459.6**	412.4

Trade payables and other payables are non-interest bearing. Interest payable is mainly settled monthly, quarterly, or semi-annually throughout the period, in accordance with the terms of the related financial instrument.

20 LEASES

Group as a lessee

The group has lease contracts for property and various items of plant, machinery, vehicles and other equipment used in its operations. Rental contracts are on average for a lease term of 31 years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets and some contracts require the group maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Information about leases for which the group is a lessee is presented below:

	Right-of-use assets		
	Property £m	Plant and Equipment £m	Total £m
Cost			
At 2 January 2022	**602.3**	**26.5**	**628.8**
Additions	8.5	21.4	29.9
Business acquisition	37.5	-	37.5
Disposals	(4.9)	(3.7)	(8.6)
Transfer to property, plant and equipment (note 11)	(5.3)	-	(5.3)
Remeasurement	(32.5)	2.8	(29.7)
At 1 January 2023	**605.6**	**47.0**	**652.6**
Additions	13.7	10.2	**23.9**
Disposals	(10.3)	(5.1)	**(15.4)**
Transfer to property, plant and equipment (note 11)	(10.4)	-	**(10.4)**
Remeasurement	10.2	0.3	**10.5**
At 31 December 2023	**608.8**	**52.4**	**661.2**
Depreciation and impairment			
At 2 January 2022	**87.6**	**12.0**	**99.6**
Depreciation	25.7	7.1	32.8
Written back on disposals	(3.3)	(3.2)	(6.5)
Transfer to property, plant and equipment (note 11)	(1.1)	-	(1.1)
Impairment	0.9	-	0.9
At 1 January 2023	**109.8**	**15.9**	**125.7**
Depreciation	29.0	8.5	**37.5**
Written back on disposals	(5.4)	(4.4)	**(9.8)**
Transfer to property, plant and equipment (note 11)	(1.5)	-	**(1.5)**
Impairment	6.3	-	**6.3**
At 31 December 2023	**138.2**	**20.0**	**158.2**
Net book value			
At 31 December 2023	**470.6**	**32.4**	**503.0**
At 1 January 2023	495.8	31.1	526.9
At 2 January 2022	514.7	14.5	529.2

Impairment of Right-of-use assets

During the period to 31 December 2023 the group has recognised a net impairment of £6.3m (prior period: £0.9m). This is comprised of an impairment charge of £9.9m (prior period: £5.4m) and reversal of previously recognised impairment losses of £3.6m (prior period: £4.5m). The recoverable amounts for assets impaired were based on a combination of value in use or fair value less cost of disposal.

These are analysed between the group's principal reporting segments as shown below:

	31 December 2023			1 January 2023		
	Impairment	**Reversal of impairment**	**Net impairment**	Impairment	Reversal of impairment	Net Impairment
	£m	**£m**	**£m**	£m	£m	£m
				Restated	Restated	Restated
Pub Partners & Ventures	**4.1**	**-**	**4.1**	0.2	(0.6)	(0.4)
Greene King pubs	**3.5**	**(0.8)**	**2.7**	1.1	(1.5)	(0.4)
Destination Brands	**1.4**	**(2.8)**	**(1.4)**	2.6	(1.8)	0.8
Corporate	**0.9**	**-**	**0.9**	1.5	(0.6)	0.9
	9.9	**(3.6)**	**6.3**	5.4	(4.5)	0.9

2022 has been restated to reflect the new reporting segments, see note 2 for further details.

The group considers that each of its individual pubs is a cash-generating unit (CGU), ROUA has been considered within the wider impairment process of property, plant and equipment. For details on the impairment process see note 11.

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon judgments used in arriving at fair values, future growth rates and the discount rate applied to cash flow projections. The net impact on the impairment charge of applying different assumptions to fair values, the growth rates used to calculate cash flow projections and in the pre-tax discount rates used to estimate value in use would be as follows:

Increased net impairment resulting from:	**A 10% reduction in fair value less cost of disposal**		**A 10% reduction in the 5-year strategy plan net cash flows**		**A 0.5% pts increase in discount rate**		**A 25% reduction in long-term growth rate**	
	31 December 2023	1 January 2023	**31 December 2023**	1 January 2023	**31 December 2023**	1 January 2023	**31 December 2023**	1 January 2023
	£m	£m Restated	**£m**	£m Restated	**£m**	£m Restated	**£m**	£m Restated
Greene King pubs	**0.1**	0.1	**0.1**	0.1	**-**	0.1	**-**	-
Destination Brands	**0.3**	-	**0.1**	0.2	**-**	0.2	**-**	0.1
Partnerships & Ventures	**-**	-	**0.3**	-	**0.1**	0.1	**0.1**	0.1
Corporate	**0.1**	0.2	**-**	-	**-**	-	**-**	-
	0.5	0.3	**0.5**	0.3	**0.1**	0.4	**0.1**	0.2

2022 has been restated to reflect the new reporting segments, see note 2 for further details.

[1]The sensitivity relating to a 10% reduction in the 5-year strategy plan net cash flows has been revised from the sensitivity ran in 2022 which was based on a 5% reduction in the 5-year strategy plan net cash flows. The 2022 position has not been restated to run this sensitivity based on a 10% reduction.

Lease liabilities

Lease liabilities included in the statement of financial position	**£m**
As at 2 January 2022	**592.8**
Additions	29.8
Acquisition of subsidiaries	15.3
Interest expense relating to lease liabilities	20.6
Disposals	(3.1)
Transfer to property, plant and equipment (note 11)	(6.9)
Remeasurements	(30.2)
Repayment of lease liabilities (including interest)	(52.4)
Rent concessions	(1.6)
As at 1 January 2023	**564.3**
Additions	23.1
Interest expense relating to lease liabilities	21.6
Disposals	(5.8)
Transfer to property, plant and equipment (note 11)	(4.8)
Remeasurements	10.5
Repayment of lease liabilities (including interest)	(51.5)
Rent concessions	0.4
As at 31 December 2023	**557.8**

Maturity of lease liability

	31 December 2023 £m	1 January 2023 £m
Current	**26.8**	26.3
Non-current	**531.0**	538.0
Maturity analysis – contractual undiscounted cashflows:		
Less than one year	**48.9**	51.3
One to five years	**174.3**	173.6
More than five years	**714.0**	726.5
Total undiscounted lease liabilities	**937.2**	951.4

Amounts recognised in the statement of profit and loss

	31 December 2023 £m	1 January 2023 £m
Depreciation on right-of-use assets		
Property	**29.0**	25.7
Plant and equipment	**8.5**	7.1
Other lease expense and sublease income	**0.9**	-
Impairment of right-of-use assets	**6.3**	0.9
Charged to Operating Profit	**44.7**	33.7
Interest expense related to lease liabilities	**21.6**	20.6
Charge to Profit before Taxation for leases	**66.3**	54.3

The total cash outflow for leases was £51.5m (prior period: £52.4m).

Extension and termination options

Some property and machinery contain extension or termination options exercisable by group before the end of the non-cancellable period. Where practicable, the group seeks to include these options in new leases to provide operational flexibility. These extension and termination options held are exercisable only by the group and not by the lessors. The group assesses at lease commencement whether it is reasonably certain to exercise the extension or termination options. The group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in future cash outflows of £83.9m (prior period: £57.5m) and should it exercise the termination options, would result in a decrease in cash outflows of £9.7m (prior period: £15.3m).

Rent concessions

The group negotiated rent concessions with its landlords for some of our property leases as a result of the severe impact of the Covid pandemic. The group applied the practical expedient for Covid related rent concessions consistently to eligible rent concessions relating to its property leases up to the applicable date of 30 June 2022.

The amount recognised in adjusting items for the reporting period to reflect changes in lease payments arising from rent concessions to which the group has applied the practical expedient for Covid related rent concessions is £0.4m (prior period: £1.6m).

21 BORROWINGS

		31 December 2023			1 January 2023		
		Current	**Non-current**	**Total**	Current	Non-current	Total
	Repayment date	**£m**	**£m**	**£m**	£m	£m	£m
Bank overdrafts	On demand	-	-	-	-	-	-
Bank Loans:							
– Revolving loans	2024-2026	**199.8**	**619.0**	**818.8**	-	738.0	738.0
– Term Loans	2025	-	**79.9**	**79.9**	-	79.8	79.8
Other Loans:							
– Revolving loans from related parties	2024	**311.0**	-	**311.0**	-	311.0	311.0
Secured debt:							
– Issued by Greene King Finance plc	2031 to 2036	**61.6**	**957.9**	**1,019.5**	54.1	1,019.6	1,073.7
		572.4	**1,656.8**	**2,229.2**	54.1	2,148.4	2,202.5

Bank overdrafts

Overdrafts are utilised for the day-to-day management of cash. The group has facilities of £10.0m (prior period: £10.0m) available with interest linked to base rate.

Bank loans – unsecured

The group has available unsecured loan facilities totalling £1,000.0m, comprising £920.0m revolving loan facilities and a £80.0m term loan facility. This includes a new £100.0m revolving credit facility which was executed in December 2023. The loans are guaranteed by CK Asset Holdings Limited, the group's ultimate parent. The facilities are available to be used for general corporate purposes.

Of the £920.0m (prior period: £820.0m) available under the revolving loan facilities, £820.0m (prior period: £740.0m) was drawn down at the period end with a carrying value of £818.8m (prior period: £738.0m) which included £1.2m (prior period: £2.0m) of fees. The £80.0m term loan was fully drawn with a carrying value of £79.9m (prior period: £79.8m) which included £0.1m (prior period: £0.2m) of fees.

Under the revolving loan facilities, any amounts drawn down bear interest at a margin and credit adjustment spread above SONIA and commitment interest is charged on the undrawn portions. Interest is payable upon repayment of each draw-down, which vary in length. Although any individual draw-downs are repayable within 12 months of the balance sheet date, the group expects to renew this funding and immediate renewal is available until the maturity of the facilities which fall between December 2024 and December 2026. Under each facility, final repayment of the total drawn-down balance is due as one payment on the maturity date.

Under the term loan facility, the drawn amount bears interest at a margin and credit adjustment spread above SONIA and interest is payable at the end of each interest period, which may vary in length. The drawn amount is repayable on maturity of the facility in February 2025.

Other loans - unsecured

The group has available an unsecured revolving loan facility with CKA Holdings UK Limited, an intermediate parent. The facility is available to be used for general corporate purposes.

Of the £1,500.0m (prior period: £1,500.0m) available under the facility, £311.0m (prior period: £311.0m) was drawn down at the year end with a carrying value of £311.0m (prior period: £311.0m).

Any amounts drawn down bear interest at a fixed rate of 2.7% and interest is payable following the end of each interest period which are typically 3 months in length . Drawn amounts are repayable on maturity of the facility in November 2024, which is within 12 months of the balance sheet date and hence classified as a current liability in 2023 (prior period: non-current). The group has the ability to prepay any drawn amounts and any amounts prepaid may be reborrowed prior to the maturity of the facility.

In April 2024 the group extended the unsecured revolving loan facility with CKA Holdings UK Limited. From November 2024 any amounts drawn down bear interest at a fixed rate of 7.0% and interest is payable following the end of each interest period which are typically 3 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.

Greene King secured financing vehicle

The group has issued various tranches of bonds in connection with the securitisation of pubs operated by Greene King Retailing Limited. The bonds are secured over the properties and their future income streams and were issued by Greene King Finance plc.

The group's securitised debt issued by Greene King Finance plc consists of the following tranches:

Tranche	Nominal value (£m)	Carrying value (£m)[1] 31 December 2023	Carrying value (£m)[1] 1 January 2023	Interest	Interest rate (%)[2]	Last repayment period	Weighted average life[3]
A2	170.0	**168.8**	181.6	Fixed	5.32	2031	4.4 years
A4	221.7	**220.7**	237.1	Fixed	5.11	2034	5.6 years
A6	195.7	**193.6**	207.9	Fixed	4.06	2035	6.4 years
A7	219.3	**216.6**	227.3	Fixed	3.59	2035	5.8 years
B1	120.9	**120.3**	120.3	Floating	6.96	2034	9.4 years
B2	99.9	**99.5**	99.5	Floating	6.92	2036	11.5 years
	1,027.5	**1,019.5**	1,073.7				

1. Carrying value is net of related deferred finance fees.
2. Includes the effect of interest rate swap rates on the floating rate notes; the group's interest rate swap arrangements are discussed in note 22.
3. Assumes notes are held until final maturity.

The interest payable on each of the floating rate tranches is as follows:

Tranche	Interest rate payable[1]	Interest rate swap	Total interest rate
B1	S+1.80%	5.16%-S	6.96%
B2	S+2.08%	4.84%-S	6.92%

1. For the floating rate bonds the interest rate payable is the compounded SONIA plus 0.1193% (this sum being denoted by "S" above) plus the margin as shown.

Repayment of the nominal is made by quarterly instalments, in accordance with the repayment schedule, over the period shown above. Payment of interest is made on quarterly dates for all classes of bond. All of the floating rate bonds are fully hedged using interest rate swaps.

The Class A2, A4, A6 and A7 bonds rank pari passu in point of security and as to payment of interest and principal and have preferential interest payment and repayment rights over the Class B bonds. The Class B1 and B2 bonds rank pari passu in point of security, principal repayment and interest payment.

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Greene King Retailing Limited, a group company. These include covenants regarding the maintenance and disposal of securitised properties and restrictions on its ability to move cash to other group companies.

The group has available liquidity facilities totalling £224.0m (prior period: £224.0m) which can only be used for the purpose of meeting the securitisation's debt service obligations should there ever be insufficient funds available from operations to meet such payments. There were no drawdowns under these facilities during the period and the drawn down amount at the year end was £nil (prior period: £nil).

In December 2022 the group fully repaid the £179.9m Class A5 secured bonds issued by Greene King Finance plc at par and terminated the corresponding interest rate swap contract. See notes 5 and 22 for further details.

22 FINANCIAL INSTRUMENTS

The group holds the following financial instruments:

	Note	31 December 2023 Current £m	31 December 2023 Non-current £m	31 December 2023 Total £m	1 January 2023 Current £m	1 January 2023 Non-current £m	1 January 2023 Total £m
Financial assets							
Financial assets at amortised cost							
Trade receivables	16	**60.9**	**-**	**60.9**	62.0	-	62.0
Pension escrow account	16	**-**	**5.0**	**5.0**	-	1.5	1.5
Other Financial assets	13	**5.0**	**8.9**	**13.9**	5.0	8.5	13.5
Cash and cash equivalents	17	**120.1**	**-**	**120.1**	87.5	-	87.5
Amounts owed from related parties	16	**22.0**	**-**	**22.0**	22.4	-	22.4
		208.0	**13.9**	**221.9**	176.9	10.0	186.9
Financial liabilities							
Liabilities at amortised cost							
Trade payables and accruals	19	**392.5**	**-**	**392.5**	375.7	-	375.7
Borrowings	21	**572.4**	**1,656.8**	**2,229.2**	54.1	2,148.4	2,202.5
Lease liabilities	20	**26.8**	**531.0**	**557.8**	26.3	538.0	564.3
Derivative financial instruments							
Designated as hedging instruments	22	**0.3**	**30.4**	**30.7**	1.4	23.0	24.4
		992.0	**2,218.2**	**3,210.2**	457.5	2,709.4	3,166.9

Financial risk management

The primary treasury objectives of the group are to identify and manage the financial risks that arise in relation to underlying business needs and provide secure and competitively priced funding for the activities of the group. If appropriate, the group uses financial instruments and derivatives to manage these risks.

The principal financial instruments held for the purpose of raising finance for operations are bank loans and overdrafts, secured bonds, cash and short-term deposits. Other financial instruments arise directly from the operations of the group, such as trade receivables, trade payables, trade loans and lease liabilities.

Derivative financial instruments, principally interest rate swaps, are used to manage the interest rate risks related to the group's operations and financing sources. No speculative trading in derivative financial instruments is undertaken.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and credit risk. The policy for managing each of these risks is set out below.

Derivatives

The group has the following derivative financial instruments:

Financial instruments qualifying for hedge accounting

At 31 December 2023 the group held two (prior period: two) interest rate swap contracts. The group uses interest rate swaps to fix the interest rate payable on the floating rate tranches of its securitised debt. These swaps are hedges of the B1 and B2 tranches, receiving a variable rate of interest based on SONIA and paying a fixed rate of 5.155% on the B1 tranche and 4.837% on the B2 tranche. The weighted average fixed rate of the swaps was 5.0% (prior period: 5.0%).

The interest rate swaps have the same critical terms as the associated securitised debts including payment dates, maturities and notional amounts (note 21). It is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The hedge ratio is 1:1. Sources of ineffectiveness that might affect the hedging relationship are the counterparty's credit risk, changes in the timing and amount of the interest payments. Prospective hedge effectiveness testing is performed. The interest rate swaps have been assessed as highly effective during the period and are expected to remain highly effective over their remaining contract lives. The ineffectiveness during the period, which is recognised within finance costs, amounted to £nil (prior period: £nil).

Interest rate swaps designated as part of a hedging relationship

	31 December 2023 £m	1 January 2023 £m
Carrying amount of hedging instruments (included within derivative financial instruments)	**30.7**	24.4
Notional principal value of hedging instruments	**220.8**	220.8
Nominal amount of hedged items	**220.8**	220.8
Hedging reserve balance in respect of continuing hedges	**(23.0)**	(18.3)
Hedging (losses)/gain recognised in other comprehensive income	**(6.9)**	93.6
Amount reclassified from the hedging reserve to profit or loss in respect of continuing hedges (included in finance cost) (see note 5)	**0.6**	8.1
Amount reclassified from the hedging reserve to profit or loss in respect of discontinued hedges (included in adjusting finance cost) (see note 5)	**-**	17.3

Hedging reserve	31 December 2023 £m	1 January 2023 £m
Balance at beginning of period	**(18.3)**	(107.5)
Hedging (losses)/gains recognised in other comprehensive income	**(6.9)**	93.6
Amount reclassified from the hedging reserve to profit or loss	**0.6**	25.4
Deferred tax on hedging reserve movements	**1.6**	(29.8)
Balance at end of period	**(23.0)**	(18.3)

In the prior year, the group terminated the interest rate swap contract in connection with the repayment of A5 Greene King secured bond, resulting in a cash receipt of £19.9m. Upon termination, a loss of £17.3m was recycled from the hedging reserve to the income statement in respect of the interest rate swap.

Interest rate risk

Exposure to changes in interest rates on the group's borrowings is reviewed with regard to the maturity profile and cash flows of the underlying debt. The group uses a mixture of fixed and floating interest rate debt with exposure to market interest rate fluctuations primarily arising from the floating rate instruments. The group enters into interest rate swaps to manage the exposure. Both swaps are designated as cash flow hedges at the date of contract included within the accounts and tested for effectiveness at each reporting date.

In accordance with IFRS 7, the group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 31 December 2023 and 1 January 2023. The analysis relates only to balances at these dates and is not representative of the period as a whole. The following assumptions were made:

- Balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move.
- Gains and losses are recognised within other comprehensive income or the income statement in line with the accounting policies of the group.
- Cash flow hedges were assumed to be effective or ineffective on the same basis as those as at the year end.

Based on the group's net position at the year end, a 1% increase/decrease in interest rates would change the group's profit before tax by approximately £7.8m (prior period: £7.3m) and the group's OCI by £19.2m/£21.3m (prior period: £19.7m/£22.1m). An increase in interest rates would decrease (prior period: decrease) the group's profit and increase (prior period: increase) OCI.

Whilst cash flow interest rate risk is largely eliminated, the use of fixed rate borrowings and derivative financial instruments exposes the group to fair value interest rate risk such that the group would not significantly benefit from falls in interest rates and would be exposed to unplanned costs, such as break costs, should debt or derivative financial instruments be restructured or repaid early.
The percentage of net debt that was fixed as at the year end was 63.1% (prior period: 65.5%).

Liquidity risk

The group mitigates liquidity risk by managing cash generated by its operations combined with bank borrowings and long-term debt. The group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts and bank loans. The group also monitors the maturity of financial liabilities to avoid the risk of a shortage of funds.

The standard payment terms that the group has with its suppliers is 60 days following month end (prior period: 60 days following month end).

Excess cash used in managing liquidity is placed on interest-bearing deposit using instant-access money market deposit accounts. Short-term flexibility is achieved through the use of short-term borrowing on the money markets under the group's revolving credit facilities.

The table below summarises the maturity profile of the group's financial liabilities at 31 December 2023 and 1 January 2023 based on contractual undiscounted payments including interest.

31 December 2023	Within 1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Interest bearing loans and borrowings:					
– Capital	573.8	769.3	227.7	667.8	2,238.6
– Interest	108.7	64.2	112.3	119.5	404.7
	682.5	833.5	340.0	787.3	2,643.3
Interest rate swaps settled net	0.3	3.1	13.6	19.7	36.7
	682.8	836.6	353.6	807.0	2,680.0
Trade payables and accruals	392.5	-	-	-	392.5
Lease liabilities	48.9	47.6	126.7	714.0	937.2
	1,124.2	**884.2**	**480.3**	**1,521.0**	**4,009.7**

1 January 2023	Within 1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Total £m
Interest bearing loans and borrowings:					
– Capital	55.4	573.8	837.6	747.2	2,214.0
– Interest	101.1	101.6	142.1	155.3	500.1
	156.5	675.4	979.7	902.5	2,714.1
Interest rate swaps settled net	1.4	1.1	7.4	21.6	31.5
	157.9	676.5	987.1	924.1	2,745.6
Trade payables and accruals	375.8	-	-	-	375.8
Lease liabilities	51.3	46.5	127.1	726.5	951.4
	585.0	723.0	1,114.2	1,650.6	4,072.8

Credit risk

Financial assets include trade loans, cash and cash equivalents and trade receivables. Credit risk is the risk of default by the counterparty to discharge their obligation and the maximum exposure of the group is the carrying amount of these instruments. Other cash deposits and cash and cash equivalents are also subject to the impairment requirements of IFRS 9 however the impairment loss is immaterial.

The policy for third party trading is that all customers who wish to trade on credit terms are subject to regular credit verification procedures. Receivable balances are also monitored on an ongoing basis and provided against where deemed necessary to limit the exposure to bad debts to a non-significant level.

Security is held for certain free trade loan customers. No other significant collateral is held and there are no significant concentrations of credit risk within the group.

Impairment of financial assets
The group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- amounts due from related parties
- other financial assets (trade loans with publicans) held at amortised cost

Impairment losses on amounts due from related parties are £nil (prior period: £nil). Impairment losses on other financial assets and trade receivables recognised in profit or loss were as follows:

	31 December 2023 £m	1 January 2023 £m
Non-Adjusting:		
Impairment (reversal)/loss on trade receivables	**(0.6)**	3.8
Impairment reversal on other financial assets (trade loans with publicans)	**(0.4)**	-
	(1.0)	3.8
Adjusting:		
Impairment reversal on trade receivables	**(0.1)**	(2.8)
Impairment reversal on other financial assets (trade loans with publicans)	**-**	(4.5)
	(0.1)	(7.3)
	(1.1)	(3.5)

For more detail on adjusting items refer to note 5.

Trade receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure the expected credit losses for trade receivables. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The group writes off a trade receivable when there is objective evidence that the debtor is in significant financial difficulty and there is no realistic prospect of recovery.

Set out below is the information about the credit risk exposure on the group's trade receivables using a provision matrix:

	31 December 2023			1 January 2023		
	Gross £m	**Provision £m**	**Net £m**	Gross £m	Provision £m	Net £m
Not past due	**58.7**	**(2.4)**	**56.3**	57.8	(1.4)	56.4
Past due						
– Less than 30 days	**2.3**	**(0.2)**	**2.1**	3.8	(0.3)	3.5
– 30-60 days	**0.9**	**(0.3)**	**0.6**	0.9	(0.2)	0.7
– Greater than 60 days	**6.2**	**(4.3)**	**1.9**	7.0	(5.6)	1.4
	68.1	**(7.2)**	**60.9**	69.5	(7.5)	62.0

Financial assets

The group measures expected credit losses for financial assets held at amortised cost by keeping a system that identifies debts that are at a high risk of non-recovery. Once the debts are moved into this system, the risk related to the debt is considered to have significantly increased. The criteria taken into account by the system are customers who have both sales and debt unpaid, and customers that have stopped trading with the group but have an outstanding balance. For the loans considered to be at high risk of non-recovery a lifetime expected loss is calculated.

Set out below is the movement in the allowance for expected credit losses of trade receivables and other financial assets held at amortised cost:

	Trade receivables		**Other financial assets**	
	31 December 2023 £m	1 January 2023 £m	**31 December 2023 £m**	1 January 2023 £m
As at beginning of period	**(7.5)**	(7.5)	**(3.6)**	(8.1)
Unused amounts reversed	**0.3**	2.8	**0.4**	4.5
Provision for expected credit losses recognised during the year	**(1.0)**	(3.8)	**-**	-
Provision utilised	**1.0**	1.0	**-**	-
As at end of period	**(7.2)**	(7.5)	**(3.2)**	(3.6)

Further information on the group's expected credit loss methodology can be found in note 2.

Fair values

Set out in the table below is a comparison of carrying amounts and fair values of certain of the group's financial instruments in accordance with the requirements of IFRS 7 and IFRS 13. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. IFRS 13 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive fair value.

The classification uses the following three-level hierarchy:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

		Fair value	**Carrying value**	Fair value	Carrying value
	Hierarchical classification	**31 December 2023 £m**	**31 December 2023 £m**	1 January 2023 £m	1 January 2023 £m
Financial liabilities					
Interest-bearing loans and borrowings					
Secured debt Issued by Greene King Finance plc	Level 1	**(926.6)**	**(1,019.5)**	**(921.1)**	**(1,073.7)**
Bank loans	Level 2	**(900.0)**	**(898.7)**	**(820.0)**	**(817.8)**
Loans from related parties	Level 2	**(297.1)**	**(311.0)**	**(293.8)**	**(311.0)**
Interest rate swaps	Level 2	**(30.7)**	**(30.7)**	**(24.4)**	**(24.4)**
Financial assets					
Other financial assets	Level 3	**13.9**	**13.9**	**13.5**	**13.5**

Carrying values of the secured debt issued by Greene King Finance plc are stated net of deferred finance fees of £8.0m (prior period: £9.2m).

Carrying values of bank loans are stated net of deferred finance fees of £1.3m (prior period: £2.2m).

Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

The only financial liabilities measured subsequently at fair value represent interest rate swaps. The fair value of the instruments classified as Level 2 was calculated by discounting all future cash flows by the market yield curve at the balance sheet date and adjusting for, where appropriate, the group's and counterparty credit risk. Changes in credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships. During the periods ending 31 December 2023 and 1 January 2023 there were no transfers between fair value levels 1, 2 or 3.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The following methods were used to estimate the fair values:

- Interest-bearing loans and borrowings - based on quoted market prices in the case of the secured debt; approximates to the carrying amount (adjusted to exclude capitalised fees) in the case of bank loans; discounted cash flow at a discount rate that reflects the group's current borrowing rate for loans from related parties.

- Financial assets - these are carried at amortised cost using the effective interest method and fair value is deemed to be the same as this.

Capital risk management

The group aims to maintain strong credit ratings and a core level of debt which optimise the weighted average cost of capital (WACC).

A number of mechanisms are used to manage net debt and equity levels (together referred to as capital) as disclosed on the balance sheet, as appropriate in light of economic and trading conditions. To maintain or adjust the capital structure, the group may adjust distributions to its immediate parent or issue new share capital to its immediate parent.

The group monitors capital using several measures including fixed charge cover, the ratio of net debt to EBITDA and free cash flow debt service coverage. All financial covenants in relation the securitisation vehicles have been fully complied with.

23 PROVISIONS

	Property leases £m
At 2 January 2022	**8.6**
Provided for	**2.2**
Released	**(2.1)**
Utilised	**(0.6)**
At 1 January 2023	**8.1**
Provided for	1.5
Released	(1.8)
Utilised	**(1.1)**
At 31 December 2023	**6.7**

Provisions have been analysed between current and non-current as follows:

	31 December 2023 £m	1 January 2023 £m
Current	**5.9**	4.2
Non-current	**0.8**	3.9
	6.7	8.1

Property leases

The provision for property leases has been set up to cover dilapidation requirements and potential liabilities on assigned leases.

The provision represents management best estimate of the properties expected to be exited within the next 2 years and the expected cost to repair the site based on either the contractual dilapidation amount or an estimate based on historical actual dilapidation costs and external surveyor reports.

24 SHARE CAPITAL

	31 December 2023		1 January 2023	
	Number of issued shares	**Share capital**	Number of issued shares	Share capital
	m	**£m**	m	£m
Ordinary shares of 12.5p each – called up, allotted and fully paid				
At beginning of period	**312.1**	**39.0**	312.1	39.0
At end of period	**312.1**	**39.0**	312.1	39.0

25 RESERVES

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued. In prior period share premium of £915.0m was generated as a result of the share capital issuance.

Merger reserve

The merger reserve represents capital contributions received and amounts recognised on the acquisition of Spirit Pub Company Limited being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

Capital redemption reserve

The capital redemption reserve arose from the purchase and cancellation of own share capital and represents the nominal amount of the share capital cancelled.

Hedging reserve

Hedging reserve adjustments arise from the movement in fair value of the group's derivative instruments used as an effective hedge, in line with the accounting policy disclosed in note 2. Amounts recycled to income are included within finance costs in the income statement.

Goodwill

The cumulative amount of goodwill written off to retained earnings in respect of acquisitions made prior to May 1998 amounts to £89.7m.

26 WORKING CAPITAL AND ADJUSTING CASH ITEMS

	31 December 2023	1 January 2023
	£m	£m
Increase in inventories	**(7.2)**	(6.6)
Increase in trade and other receivables	**(6.5)**	(7.4)
Increase in trade and other payables	**61.7**	44.3
Decrease in provisions	**(1.4)**	(0.6)
Other non-cash movement	**(0.4)**	-
Defined benefit pension contributions paid	**(3.5)**	(4.1)
Adjusting items	**25.0**	1.8
Working capital and adjusting cash items	**67.7**	27.4

The net cash inflow of £25.0m on adjusting items primarily relates to cash received from HMRC in relation to VAT on gaming machine income.

27 ANALYSIS AND MOVEMENTS IN NET DEBT

	As at 1 January 2023	Cash flow movements in the period[2]	Changes in fair value[3]	Other non-cash changes	As at 31 December 2023
	£m	£m	£m	£m	£m
Cash and cash equivalents					
Cash at bank and in hand[1]	87.5	**32.6**	-	-	**120.1**
Cash and cash equivalents for balance sheet	87.5	**32.6**	-	-	**120.1**
Overdrafts	-	-	-	-	-
Cash and cash equivalents for cash flow	87.5	**32.6**	-	-	**120.1**
Liabilities from financing activities					
Included in net debt:					
– Bank loans:					
- Revolving loans	(738.0)	**(80.0)**	-	**(0.8)**	**(818.8)**
- Term loans	(79.8)	-	-	**(0.1)**	**(79.9)**
– Other loans:					
- Revolving loans from related parties	(311.0)	-	-	-	**(311.0)**
- Securitised borrowing	(1,073.7)	**55.4**	-	**(1.2)**	**(1,019.5)**
	(2,202.5)	**(24.6)**	-	**(2.1)**	**(2,229.2)**
Not included in net debt:					
– Derivative financial instruments	(24.4)	-	**(6.3)**	-	**(30.7)**
- Lease liabilities[4]	(564.3)	**29.9**	-	**(23.4)**	**(557.8)**
Liabilities from financing activities	(2,791.2)	**5.3**	**(6.3)**	**(25.5)**	**(2,817.7)**
Net debt including derivatives and lease liabilities	(2,703.7)	**37.9**	**(6.3)**	**(25.5)**	**(2,697.6)**
Net debt excluding derivatives and lease liabilities	(2,115.0)	**8.0**	-	**(2.1)**	**(2,109.1)**

1. Includes short-term deposits.
2. Excludes interest payments on borrowings, which are recognised within 'cash flows from operating activities' in the group cash flow statement.
3. Includes the impact on the fair value of derivatives of scheduled interest payments which are recognised within 'cash flows from operating activities' in the group cash flow statement.
4. Other non-cash changes on Lease Liabilities incorporates £23.1m additions, £10.5m remeasurements, £(5.8)m disposals, £(4.8)m transfer to property, plant and equipment and £0.4m lease concessions.

	As at 2 January 2022	Cash flow movements in the period[2]	Business acquisition	Changes in fair value[3]	Other non-cash changes	As at 1 January 2023
	£m	£m	£m	£m	£m	**£m**
Cash and cash equivalents						
Cash at bank and in hand[1]	95.0	(17.1)	9.6	-	-	87.5
Cash and cash equivalents for balance sheet	95.0	(17.1)	9.6	-	-	87.5
Overdrafts	(0.5)	0.5	-	-	-	-
Cash and cash equivalents for cash flow	94.5	(16.6)	9.6	-	-	87.5
Liabilities from financing activities						
Included in net debt:						
– Bank loans:						
- Revolving loans	(219.0)	(496.5)	(22.0)	-	(0.5)	(738.0)
- Term loans	(79.7)	-	-	-	(0.1)	(79.8)
– Other loans:						
- Revolving loans from related parties	(1,376.0)	150.0	-	-	915.0	(311.0)
- Securitised borrowing	(1,414.1)	344.6	-	-	(4.2)	(1,073.7)
	(3,088.8)	(1.9)	(22.0)	-	910.2	(2,202.5)
Not included in net debt:						
– Derivative financial instruments	(112.8)	(8.6)	-	97.5	(0.5)	(24.4)
- Lease liabilities[4]	(592.8)	31.8	(15.3)	-	12.0	(564.3)
Liabilities from financing activities	(3,794.4)	21.3	(37.3)	97.5	921.7	(2,791.2)
Net debt	(2,994.3)	(18.5)	(12.4)	-	910.2	(2,115.0)

1. Includes short-term deposits.
2. Excludes interest payments on borrowings, which are recognised within 'cash flows from operating activities' in the group cash flow statement.
3. Includes the impact on the fair value of derivatives of scheduled interest payments which are recognised within 'cash flows from operating activities' in the group cash flow statement.
4. Other non-cash changes on Lease Liabilities incorporates £29.8m additions, £(30.2)m remeasurements, £(3.1m) disposals, £(6.9)m transfer to property, plant and equipment and £(1.6m) lease concessions.

28 OPERATING LEASE ARRANGEMENTS

The group leases part of its licensed estate and other non-licensed properties to tenants. The majority of lease agreements have terms of between six months and 25 years and are classified for accounting purposes as operating leases. Most of the leases with terms of over three years include provision for rent reviews on either a three year or five-year basis.

Future minimum cash rentals receivable under non-cancellable operating leases are as follows:

	31 December 2023	1 January 2023
	£m	£m
Within one year	**36.7**	38.7
Between one and two years	**31.0**	32.6
Between two and three years	**27.7**	27.6
Between three and four years	**21.3**	23.6
Between four and five years	**15.9**	16.6
After five years	**100.3**	107.2
	232.9	246.3

29 RELATED PARTY TRANSACTIONS

Since the acquisition, the group has entered into transactions with companies connected to CK Asset Holdings Limited, its ultimate parent undertaking in the period. These have been disclosed below:

	Transaction values		**Balances outstanding**	
	31 December 2023	1 January 2023	**31 December 2023**	1 January 2023
	£m	£m	**£m**	£m
CKA Holdings UK Limited				
Revolving Loan Facility	**-**	-	**(311.0)**	(311.0)
Interest expense and accrued interest	**(8.4)**	(29.3)	**(2.1)**	(2.1)

The unsecured Revolving Credit Facility has a fixed interest rate of 2.7% and matures on 27 November 2024, with any amounts outstanding on maturity payable on 27 November 2024. Post year end the facility was extended, see note 21 for further details.

CK Noble (UK) Limited				
Amounts owed to Greene King Limited	**-**	-	**22.0**	22.0
Social Healthcare Group Limited				
Amounts owed to Greene King Limited	**-**	-	**-**	0.4
Group relief	**(0.4)**	-	**-**	-
Hutchison 3G UK Limited				
Rental income of base stations	**0.1**	0.1	**-**	-
Provision of internet and telecommunication services	**(0.2)**	(0.1)	**-**	-
UK Power Network				
Provision of utilities	**(0.3)**	-	**-**	-
The Butcher's Tap & Grill Limited				
Sale of beer	**-**	0.1	-	-
Northumbrian Water Limited				
Supply of water	**(0.4)**	(0.4)	**-**	-
Total	**(1.2)**	(0.3)	**22.0**	22.4

Greene King Finance plc is a structured entity set up to raise bond finance for the group, and as such is deemed to be a related party. The results and financial position of the entity has been consolidated in the group's results.

Details of the remuneration for the key management personnel services are given in note 6.

30 POST BALANCE SHEET EVENTS

In April 2024 the group extended the facility. 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 7.0% and interest is payable following the end of each interest period which are typically 3 months in length. Drawn amounts are repayable on maturity of the facility in November 2028. The facility of £1,500.0m remains unchanged.

31 ULTIMATE PARENT COMPANY

At 31 December 2023 the directors consider the immediate parent undertaking and immediate controlling party of Greene King Limited to be CK Noble (UK) Limited, a company incorporated in the UK. Registered at 3 More London Riverside, London, United Kingdom.

The ultimate parent undertaking and ultimate controlling party is CK Asset Holdings Limited, a company registered in the Cayman Islands and registered in Hong Kong, with its shares listed on the Main Board of the Hong Kong Stock Exchange.

The smallest group financial statements produced which include the results of the company are for Greene King Limited, which are these financial statements. CK Asset Holdings Limited is the largest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2023

Registered number: 00024511

	Note	31 December 2023 £m	Restated 1 January 2023[2] £m
Fixed assets			
Investments	35	**4,068.7**	4,536.9
Current assets			
Debtors	36	**110.9**	192.9
Cash and cash equivalents		**-**	9.4
Creditors: amounts falling due within one year	37	**(556.3)**	(1,200.8)
Net current assets/(liabilities)		**(445.4)**	(998.5)
Total assets less current liabilities		**3,623.3**	3,538.4
Creditors: amounts falling due after more than one year	38	**(698.9)**	(1,128.8)
Net assets		**2,924.4**	2,409.6
Capital and reserves			
Called up share capital	41	**39.0**	39.0
Share premium account	42	**1,184.4**	1,184.4
Merger reserve	42	**752.0**	752.0
Revaluation reserve	42	**2.5**	2.5
Other reserve	42	**93.9**	93.9
Retained earnings[1]		**852.6**	337.8
Equity attributable to owners of the parent		**2,924.4**	2,409.6

1 The profit and loss account of the parent company is omitted from the company's accounts by virtue of the exemption granted by section 408 of the Companies Act 2006. The profit generated in the period for ordinary shareholders and included in the financial statements of the parent company, amounted to £514.8m (prior period: profit £92.0m).
2 The prior period comparative in respect of investments and debtors has been restated as some balances owed from subsidiaries had been incorrectly presented within debtors when they should have been presented as a fixed asset as the loans were intended for long-term funding purposes (see note 40).

Signed on behalf of the board and authorised for issue on 24 April 2024

Richard Smothers

Director

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

	Called up share capital £m	Share premium account £m	Merger reserve £m	Revaluation reserve £m	Other reserve £m	Retained earnings £m	Total £m
At 2 January 2022	**39.0**	**269.4**	**752.0**	**2.5**	**93.9**	**245.8**	**1,402.6**
Profit for the period	-	-	-	-	-	92.0	92.0
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**92.0**	**92.0**
Issue of share capital	-	915.0	-	-	-	-	915.0
At 1 January 2023	**39.0**	**1,184.4**	**752.0**	**2.5**	**93.9**	**337.8**	**2,409.6**
Profit for the period	-	-	-	-	-	514.8	514.8
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**514.8**	**514.8**
At 31 December 2023	**39.0**	**1,184.4**	**752.0**	**2.5**	**93.9**	**852.6**	**2,924.4**

NOTES TO THE COMPANY ACCOUNTS

FOR THE 52 WEEKS ENDED 31 DECEMBER 2023

32 ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements as issued by the Financial Reporting Council (FRC). The financial statements have therefore been prepared in accordance with FRS 101 Reduced Disclosure Framework.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7: Statement of Cash Flows;
- the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors; to disclose IFRSs issued but not effective;
- the requirements of IFRS 2: Share-based payments (paragraphs 45(b) and 46 to 52);
- the requirements of IFRS 7: Financial Instruments: Disclosures;
- the requirements of IFRS 13: Fair Value Measurements;
- the requirements of IAS 24: Related Party Disclosures (to present key management personnel compensation and intragroup transactions including wholly owned subsidiaries); and
- the requirements of IAS 1: Presentation of Financial Statements, to present certain comparative information and capital management disclosures.

Where required, equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Greene King Limited is a private company limited by shares incorporated and domiciled in England and Wales. The address of its registered office is Westgate Brewery, Bury St. Edmunds, Suffolk, IP33 1QT.

The Company's principal activities are as a holding company and in the provision of financing, via intercompany loans to fellow group undertakings.

Investments

Investments in subsidiaries are recorded at cost less impairment and held as fixed assets on the balance sheet. The carrying value of investments is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. On transition to FRS 101, the previous GAAP carrying amount at the date of transition was regarded as deemed cost.

Taxation

Corporation tax payable is provided on taxable profits using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and are derecognised when the company no longer controls the contractual rights that comprise the financial instrument, normally through sale or when all cash flows attributable to the instrument are passed to an independent third party.

Financial assets

The company classifies its amounts due from subsidiaries at amortised cost where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment.

The company recognises a loss allowance for expected credit losses on amounts due from subsidiaries. The methodology used to determine the amount of the expected credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those where the credit risk has increased significantly or determined to be credit impaired, lifetime expected credit losses along with the gross interest income or net interest income, respectively, are recognised.

Borrowings

All loans and borrowings are initially recognised at fair value of the consideration received, net of issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Significant accounting judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect reported amounts of assets and liabilities, income and expense. The company bases its estimates and judgments on historical experience and other factors deemed reasonable under the circumstances, including any expectations of future events. Actual results may differ from these estimates. The company had no significant judgements in the period.

Significant accounting estimates

Impairment of loans to subsidiaries

The company recognised a loss allowance for expected credit losses on amounts owed by group undertakings. The methodology used to determine the amount of credit loss is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset.

A review was carried out on amounts owed by group undertakings for an indication of a significant increase in credit risk. The main criteria used was to compare the risk of default occurring over the expected life of the instrument at the reporting date with the risk of default at the date of initial recognition. This review concluded that given the Greene King Limited group liquidity remained strong a 12-month ECL remained applicable for all unsecured balances whilst secured balances have been provided on remaining length of the loan.

Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £2,543.9m (prior period: £2,612.9m) with net impairment charge in the year of £221.5m (prior period: £26.7m reversal).

33 AUDITOR'S REMUNERATION

Auditor's remuneration for the audit of the financial statements was £39,500 (prior period: £37,000). The figures for auditor's remuneration for the company required by regulation 5(1)(b) of the Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 are not presented here as the group accounts comply with this regulation on a consolidated basis.

34 DIRECTORS' REMUNERATION AND EMPLOYEE COSTS

The company has no employees other than directors and the directors are not remunerated through this company. Details of employee costs are given in note 6.

35 INVESTMENTS

	Investments in subsidiaries £m	Loans to subsidiaries £m	Total £m
Cost at 1 January 2023 (restated)	**2,620.0**	**1,929.2**	**4,549.2**
Additions	152.5	183.8	336.3
Disposals	(17.2)	(584.6)	(601.8)
Cost at 31 December 2023	**2,755.3**	**1,528.4**	**4,283.7**
Impairment at 1 January 2023 (restated)	**(7.1)**	**(5.2)**	**(12.3)**
Impairment of non-trading subsidiaries	(221.5)	-	(221.5)
Expected credit losses reversed	-	1.6	1.6
Disposals	17.2	-	17.2
Impairment at 31 December 2023	**(211.4)**	**(3.6)**	**(215.0)**
NBV at 31 December 2023	**2,543.9**	**1,524.8**	**4,068.7**
NBV at 1 January 2023	2,612.9	1,924.0	4,536.9

The net impairment charge of £221.5m (prior period: £26.7m reversal) is made up of an impairment charge of £221.5m (prior period: £5.5m) and an impairment reversal of £nil (prior period: £32.2m).

Interest on amounts owed from subsidiaries accrued at a rate equal to SONIA plus a credit adjustment spread during the period. Interest accrues half yearly and amounts owed from subsidiaries are repayable on demand.

During the period the Greene King Limited group undertook a group wide exercise to rationalise and streamline intercompany balances. There was a focus on relationships that were no longer required for the ongoing operational requirement of the company. The exercise transacted in November and December 2023 and included a mixture of assignments, novations and distribution of intercompany balances resulting in a reduction in the net book value of the loans and investments in subsidiaries. The transaction resulted in the disposal of intercompany balances of £584.6m and an addition to investments of £152.5m resulting from the formal waiver of balances where the amount was deemed to be permanently irrecoverable by the lender. See note 36 for further details.

During the period, the company received total final dividends of £664.4m from its wholly owned, non-trading, subsidiaries The Capital Pub Company Limited, Greene King Investments Limited, Norman Limited, Greene King Pubs Limited.

As a result of receiving the final dividend, the value of the fixed asset investment was impaired and a total impairment charge of £221.5m was recorded within the profit for the period in the statement of changes in equity account.

The prior period comparative has been restated as some balances owed from subsidiaries had been incorrectly presented within debtors when they should have been presented as a fixed asset as the loans were intended for long-term funding purposes (for further details see note 40).

Principal subsidiaries

For a full list of all subsidiaries see note 14.

36 DEBTORS

	31 December 2023	Restated 1 January 2023
	£m	£m
Amounts owed from subsidiaries	88.9	170.9
Amounts owed from parent undertaking	21.9	21.9
Interest receivable	**0.1**	0.1
	110.9	192.9

Interest on amounts owed from subsidiaries accrues at a rate of SONIA plus a credit adjustment spread. Interest accrues half yearly and amounts owed from subsidiaries are repayable on demand. Amounts owed from parent undertaking are non-interest bearing. Expected credit losses of £3.8m (prior period: £3.7m) have been recognised against the carrying value of amounts owed from subsidiaries. Information about the group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 22.

During the period the Greene King Limited group undertook a group wide exercise to rationalise and streamline intercompany balances. There was a focus on relationships that were no longer required for the ongoing operational requirement of the company. The exercise transacted in November and December 2023 and included a mixture of assignments, novations and distribution of intercompany balances.

During the period the company formally waived a total amount of £155.9m from Greene King Developments Limited, Greene King Properties Limited and Spirit Pub Company Limited as the amounts were deemed to be permanently irrecoverable. Of the waivers, £152.5m was recognised as an addition to investments, see note 35. The residual £3.4m loss (after provisions previously recognised) has been recognised within the profit for the period in the statement of changes in equity account.

The prior period comparative has been restated as some balances owed from subsidiaries had been incorrectly presented within debtors when they should have been presented as a fixed asset as the loans were intended for long-term funding purposes (for further details see note 40).

37 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2023	1 January 2023
	£m	£m
Accruals	**12.1**	12.7
Amounts owed to subsidiaries	**-**	1,188.1
Bank and other loans (note 39)	**510.8**	-
Bank overdraft	**33.4**	-
	556.3	1,200.8

38 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2023	1 January 2023
	£m	£m
Bank and other loans (note 39)	**698.9**	1,128.8
	698.9	1,128.8

39 LOANS AND OTHER BORROWINGS

	31 December 2023			1 January 2023		
	Within one year £m	**After one year £m**	**Total £m**	Within one year £m	After one year £m	Total £m
Bank overdraft	**33.4**	**-**	**33.4**	-	-	-
Bank loans:						
– Revolving loans	**199.8**	**619.0**	**818.8**	-	738.0	738.0
– Term loans	**-**	**79.9**	**79.9**	-	79.8	79.8
Other loans						
– Revolving loans from related parties	**311.0**	**-**	**311.0**	-	311.0	311.0
	544.2	**698.9**	**1,243.1**	-	1,128.8	1,128.8

As explained in note 21, the company has available revolving bank credit facilities and a term facility totalling £1,000m of which, £900m was drawn down at the year end with a carrying value of £898.7m which included £1.3m of fees.

Bank loans due after one year are repayable as follows:

	31 December 2023 £m	1 January 2023 £m
Due within one year	**199.8**	-
Due between two and five years	**698.9**	817.8
	898.7	817.8

Although any individual drawdowns are repayable within 12 months of the balance sheet date, immediate renewal is available until the maturity of the facilities which fall between December 2024 and December 2026. The drawn amount under the term loan is repayable on maturity of the facility in February 2025.

Other loans are repayable as follows:

	31 December 2023 £m	1 January 2023 £m
Due within one year	**311.0**	-
Due between two and five years	**-**	311.0
	311.0	311.0

Drawn amounts are repayable on maturity of the facility in November 2024. In April 2024 the group extended 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 7.0% and interest is payable following the end of each interest period which are typically 3 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.

40 PRIOR PERIOD ADJUSTMENT

The prior period comparative has been restated as some balances owed from subsidiaries had been incorrectly presented within debtors when they should have been presented as a fixed asset as the loans were intended for long-term funding purposes.

As a result, comparative figures for the period ended 1 January 2023 have been adjusted as follows:

	As previously reported £m	**Effect of the restatement £m**	**As restated £m**
Fixed assets			
Investments	**3,986.0**	550.9	4,536.9
Current assets			
Debtors	**743.8**	(550.9)	192.9

41 ALLOTTED AND ISSUED SHARE CAPITAL

Allotted, called-up and fully paid	31 December 2023 £m	1 January 2023 £m
Ordinary shares of 12.5p each		
312.1m shares (prior period: 312.1m)	**39.0**	39.0

Further information on share capital is given in note 24.

42 RESERVES

Share premium account

Share premium represents the excess of proceeds received over the nominal value of new shares issued. In prior period, share premium of £915.0m was generated as a result of the share capital issuance.

Merger reserve

The merger reserve represents capital contributions received and amounts recognised on the acquisition of Spirit Pub Company Limited being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

Other reserve

The other reserve consists of £3.3m (prior period: £3.3m) capital redemption reserve arising from the purchase of own share capital and £90.6m (prior period: £90.6m) arising from transfer of revalued assets to other group companies and will only be realised when the related assets are disposed of by the group.

43 CONTINGENT LIABILITIES

The company has provided a guarantee to the Greene King Pension Scheme in respect of the payment obligations to the scheme of its subsidiary Greene King Services Limited. In the event that these obligations are not met the company will become liable for amounts due to the pension scheme; such an event is not considered probable.

Details of the group's pension schemes are included in note 8.

44 POST BALANCE SHEET EVENTS

On 7 February 2024, Greene King Limited provided Spirit Pub Company (Trent) Limited, a wholly owned subsidiary of Greene King Limited, with an interest free repayable on demand loan of £48.3m. On 8 February 2024, Greene King Limited waived the amount due from Spirit Pub Company (Trent) Limited in full.

In April 2024 the group extended the unsecured revolving loan facility with CKA Holdings UK Limited. From November 2024 any amounts drawn down bear interest at a fixed rate of 7% and interest is payable following the end of each interest period which are typically 3 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.

45 ULTIMATE PARENT COMPANY

At 31 December 2023, the directors consider the immediate parent undertaking and immediate controlling party of Greene King Limited to be CK Noble (UK) Limited, a company incorporated in the UK.

The ultimate parent undertaking and ultimate controlling party is CK Asset Holdings Limited, a company registered in the Cayman Islands with its headquarters and principal place of business in Hong Kong. The company's shares are listed on the Main Board of the Hong Kong Stock Exchange.

The smallest group financial statements produced which include the results of the company are for Greene King Limited, which are these financial statements. CK Asset Holdings Limited is the largest group which includes the results of the company and for which group financial statements are prepared. Copies of its group financial statements are available from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

ALTERNATIVE PERFORMANCE MEASURES (unaudited)

The performance of the group is assessed using a number of alternative performance measures (APMs).

The group's results are presented both before and after adjusting items. Adjusted profitability measures are presented excluding adjusting items as management believe this provides useful additional information about the group's performance and aids a more effective comparison of the group's trading performance from one period to the next and with similar businesses. Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement with details of adjusting items provided in note 5.

In addition, the group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor ongoing business performance against both shorter-term budgets and forecasts but also against the group's longer-term strategic plans.

APMs used to explain and monitor group performance are found below, including a reconciliation to the nearest measure prepared in accordance with IFRS:

APM	Definition	Purpose	Source
Adjusted operating profit	Operating profit before adjusting items	Operating profit before separately disclosed items as set out in the Group Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows an understanding of the trading of the Group.	Group income statement
Adjusted tax	Tax (charge)/credit before adjusting items	Tax before separately disclosed items as set out in the Group Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows an understanding of the trading of the Group.	Group income statement
Adjusted net finance costs	Net finance costs before adjusting items	Net Finance costs before separately disclosed items as set out in the Group Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows an understanding of the trading of the Group.	Group income statement
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and adjusting items	EBITDA before separately disclosed items. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows an understanding of the trading of the Group.	See below
Capital investment	The purchase of property, plant and equipment split between core capex and brand swap and new site investment	Capital investment provides clarity of the split between what is deemed to be core capital expenditure to allow an understanding of the capital investments made.	Group cash flow statement
Core Capex	Capital expenditure including asset optimisation but excluding freehold reversions, investment property, new site acquisitions and investment on acquisitions.	Core Capex provides a greater understanding of the investments into long-term assets which will facilitate growth into the future.	See below
Like for like (LFL) sales	LFL sales include revenue from the sale of drink, food and accommodation but exclude fruit machine income. LFL sales performance is calculated against a comparable period.	LFL sales provides better insight into the trading performance than total revenue which is impacted by in year activities.	Non-GAAP

Free cash flow (FCF)	FCF represents the net cash inflow from operating activities, adjusted for cash movements on working capital, adjusting items, tax, interest, core Capex and repayment of loans and lease liabilities	The calculation of free cash flow is based on the net cash generated by business activities and available for investment, after funding working capital, adjusting items, corporation tax, interest, lease liabilities and trade loans.	See below
Net debt	Net debt is the sum of cash and cash equivalents and other cash deposits, less total borrowings net of related accrued interest at the balance sheet date.	Net debt excluding derivative financial instruments and lease liabilities provides a useful measure of the financing position of the group.	Note 27
Net interest paid	Net interest costs before adjusting items	Net interest costs before separately disclosed items as set out in the Group Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows an understanding of the trading of the Group.	See below

A FREE CASH FLOW

	Source	**2023 £m**	2022 £m
Adjusted EBITDA	See C below	**329.2**	321.1
Working capital and adjusting items	Note 26	**67.7**	27.4
Add back: adjusting items	Note 26	**(25.0)**	(1.8)
		371.9	346.7
Tax payments	Cash flow statement	**(13.9)**	(3.5)
		(13.9)	(3.5)
Interest received	Cash flow statement	**2.3**	0.5
Interest paid excluding interest on lease liabilities	Note E below	**(104.4)**	(114.3)
		(102.1)	(113.8)
Core capex	Note D below	**(194.8)**	(164.1)
Repayment of lease liabilities	Note 20	**(51.5)**	(52.4)
Net repayment of trade loans	Cash flow statement	**-**	0.2
Free cash flow		**9.6**	13.1

B EBITDA

	Source	**2023 £m**	2022 £m
Operating profit	Group Income statement	**167.2**	249.2
Add back: depreciation	Note 4	**141.5**	127.7
Add back: amortisation	Note 4	**1.6**	0.8
		310.3	377.7

C ADJUSTED EBITDA

	Source	**2023 £m**	2022 £m
EBITDA	See B above	**310.3**	377.7
Add back: adjusting items	Note 5	**18.9**	(56.6)
		329.2	321.1

D CAPITAL INVESTMENT

	Source	2023 £m	2022 £m
Core capex	Non-GAAP	**194.8**	164.1
Brand swap and new site investment	Non-GAAP	**20.5**	8.5
Purchase of property, plant and equipment	Cash flow statement	**215.3**	172.6

E NET INTEREST PAID

	Source	2023 £m	2022 £m
Interest received	Cash flow statement	**2.3**	0.5
Interest paid	Cash flow statement	**(126.0)**	(134.9)
Less: interest paid on lease liabilities	Note 20	**21.6**	20.6
Interest paid excluding lease liabilities		**(104.4)**	(114.3)
		(102.1)	(113.8)