



Annual Report and Accounts 2025

# Delivering Shared Good Times





Our pubs operate at the heart of their communities, bringing people together for **Shared Good Times**, every day.

People-powered  
Purpose-led  
Performance-driven

Marston's is growing and evolving, powered by a clear purpose: Shared Good Times. It's what unites our people, creates lasting memories for our guests, and delivers real value for our stakeholders. With strong momentum and ambitious goals, we are investing and innovating to help our pubs – and the people behind them – thrive.

#### Our values and behaviours



Moments that matter



Everyday excellence



Win together



Always ambitious



Passionately local

## Our 2025 financial highlights

### Total revenue

**£897.9m**

2024: £898.6m

### Underlying total earnings per share \*

**8.5p**

2024: 5.2p

### Underlying EBITDA\*

**£205.1m**

2024: £192.5m

### Profit before tax

**£88.3m**

2024: £14.4m

### Total operating profit

**£179.7m**

2024: £151.7m

### Underlying profit before tax \*

**£72.1m**

2024: £42.1m

### Recurring free cash flow

**£53.2m**

2024: £43.6m

\* Definitions can be found on pages 114 to 117 in Additional information.

### Non-financial and sustainability information statement

We comply with the non-financial reporting requirements in Sections 414CA and 414CB of the Companies Act 2006. The information set out below, together with signposts to other relevant sections of the Annual Report and Accounts, our Impact Report and our website, is intended to help stakeholders understand our position on key non-financial matters.

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### Uncover the stories behind Shared Good Times

[www.marstonpubs.co.uk/annual-report-2025](http://www.marstonpubs.co.uk/annual-report-2025)

[READ MORE ONLINE](#)

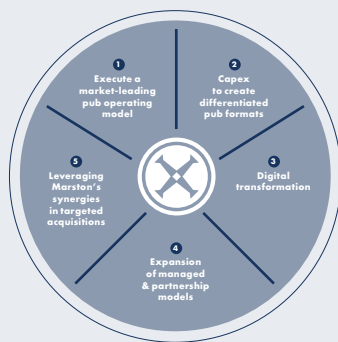
## Investment case

# A reliable growth company

Our vision is to be the UK's leading local pub company. Our purpose is to offer our guests the best experience and locations for Shared Good Times.

## Powerful value drivers for growth

Our strategy is key to the success of our business



OUR STRATEGY SEE PAGE 8

## Differentiated to win in a growing market

Suburban dominated locations

Flexible estate to evolve at pace

Pubs with scope for multi-occasions

Expertise in running local pubs

BUSINESS MODEL SEE PAGE 6

## £50m+ Sustainable free cash flow generation

Like-for-like revenue growth, our targeted capex investment programme and continued focus on our market-leading pub operating model will underpin delivery of £50 million+ recurring free cash flow annually – achieved significantly ahead of target

FINANCIAL REVIEW SEE PAGE 10

## Clear and consistent metrics to track success

We set ambitious targets that align with our purpose and vision

**Near to medium-term targets:**

Revenue growth ahead of the market

EBITDA margin expansion of 200-300 basis points, beyond FY2024

£50m+ recurring free cash flow

>30% incremental returns on investment capex

KPIS SEE PAGE 9

### Progress in FY2025

Profit growth

**71%**

Format refurbishments

**31**

Recurring free cash flow

**£53m**

EBITDA margin expansion

**140bps**

## Chair's statement

# A strong year of progress

As I reflect on my first full year as Chair, I remain inspired by the passion, professionalism and dedication of our people.

From the thousands of colleagues across our pubs to our Board and Executive team, the commitment to delivering exceptional guest experiences is what defines Marston's – and will continue to be the foundation of our success.

FY2025 marked our first full year as a pure-play hospitality business and it has been encouraging to see the business continue to strengthen through this transformation. The strategic actions we have taken are directly aligned with the financial targets outlined at our Capital Markets Day (CMD). We remain fully committed to driving revenue growth and enhancing margins, alongside the disciplined deployment of capital to support sustainable cash generation and long-term value creation for our stakeholders.

### Progress in FY2025 and plans for FY2026

FY2025 has been a strong year of progress for Marston's as we began delivering tangible results from our refreshed strategy. The rollout of our differentiated pub formats has gathered momentum. This has been supported by our demand-driving event programme, further development of our digital agenda, through

our Order & Pay platform and our clear focus on improving the guest experience across the estate – which has now reached record levels.

Margin management has been a particular strength in FY2025, contributing to improved profitability and strong recurring free cash flow. Recurring free cash flow totalled £53.2 million – exceeding our £50 million CMD target ahead of schedule – and this has helped reduce our net debt (excluding IFRS 16 lease liabilities) to £837.5 million. A strong level of cash generation is essential to our goal of returning to a position where dividends and capital returns can be reinstated.

Looking ahead to FY2026, we will continue the phased rollout of our pub formats, with an accelerated programme of planned refurbishments, whilst continuing to remain targeted and disciplined with our capital investment, aligned to clear return thresholds. At the same time, we will maintain a strong focus on margin management and cash generation, both of which are critical to supporting our long-term financial objectives.

### Our Board and Executive management

This year we announced the departure of Hayleigh Lupino, our Chief Financial Officer, who left Marston's after 22 years with the business. Hayleigh's contribution has been immense – from her early finance roles through to her time on the Executive Committee, she has been pivotal in shaping the Group's financial strategy and supporting its evolution

into a leading UK hospitality business. On behalf of the Board, I want to express our sincere gratitude to Hayleigh for her outstanding service and wish her every success in the next stage of her career.

We were delighted to welcome Stephen Hopson as Chief Financial Officer in September. Stephen brings extensive financial and leadership experience across the leisure and retail sectors and has already made a strong and positive impact. His expertise will be instrumental as we continue to execute our strategy, and the Board and I look forward to working closely with him in the years ahead.

### Our shareholders

The Board continues to recognise that Marston's share price trades at a material discount to its net tangible asset value. While broader market conditions remain challenging, we do not believe our current valuation reflects the progress we are making or the long-term potential of the Group. Closing this gap remains a key priority.

We are executing a new strategy that is already delivering improved profitability and strong recurring free cash flow – enabling us to reduce debt and rebuild the investment case for Marston's as a compelling equity proposition. This is a growth-focused plan, underpinned by disciplined investment in the estate and guest experiences – because no business ever shrank to greatness.

We also understand, and have heard clearly, the concerns some shareholders have raised around capital allocation, shareholder returns, and our financing structure. These remain important areas of focus for the Board. As set out at our CMD, our capital allocation approach is based on maintaining a disciplined balance between investment in the business,

ongoing deleveraging, and, ultimately, shareholder distributions. We have made encouraging progress, reducing leverage from 5.2x EBITDA (excluding lease liabilities) in 2024 to 4.6x this year, however this does remain above our target. Once leverage falls below 4.0x, we expect to be in a position to begin returning capital to shareholders. Ensuring we have the right financial structure and foundations to support both operational delivery and long-term shareholder value creation remains central to our approach.

Alongside this, we remain committed to enhancing transparency and deepening engagement with shareholders and the wider market to ensure our strategy, performance and ambitions are clearly understood. We remain confident that, over time, the valuation gap will narrow. I would like to thank our shareholders for their continued support.

### Our people

Finally, I want to acknowledge the exceptional commitment and hard work of our people. Over my first full year as Chair, I have spent a great deal of time in Marston's pubs and Pub Support Centre, and I'm consistently struck by our teams' passion for hospitality, their pride in our pubs and their unwavering dedication to delivering outstanding guest experiences. It's this spirit that drives our business forward every day. On behalf of the Board, I want to thank every member of the Marston's team for their contribution this year.

With a clear strategy, a strong leadership team and the right capabilities in place, I am confident we are well positioned to deliver sustainable growth and long-term value for all our stakeholders.

**Ken Lever**  
Chair

## CEO's statement

# People-powered Purpose-led Performance-driven

FY2025 has been a year of strong delivery for Marston's as we continued to focus on being the UK's leading local pub company.

We have seen encouraging results across the board – from improved profitability and margin expansion, to record guest satisfaction and recurring free cash flow ahead of our target.

With strong momentum, a high-margin platform, and our formats growth engine poised to deliver, we are well positioned to build on this foundation and continue creating long-term value for all stakeholders.

## Strategic and operational delivery

In FY2025 our efforts have been firmly concentrated on delivering a market-leading pub operating model, scaling our proven guest-led pub formats, and continuing to embed digital capabilities across the business.

Each of these areas is already delivering tangible performance benefits and collectively, they are laying the foundation for long-term sustainable growth.

## Market-leading pub operating model

Delivering a market-leading operating model is central to our strategy and has underpinned much of the progress made this year. At its core, our model is built around three pillars: revenue growth, cost efficiency, and guest satisfaction – all working together to create a more profitable, consistent, and scalable business. We have continued to invest in initiatives that support top-line performance, with our demand-driving event programme playing a key role. From Trivial Pursuit: 'Win a Wedge' to Pub Life and partnerships like Paddington in Peru and the Cool Hand Cup, these events have supported engagement, driven footfall and strengthened our connection with guests.

Our operational discipline has driven a 140bps improvement in EBITDA margin – a standout result that reflects the strength of our approach. Our labour scheduling tool, which is

focused on ensuring we have the right people at the right time, has helped us manage external cost pressures, while procurement and energy efficiencies continue to deliver meaningful gains. Going forward, we view cost pressures as manageable within the context of our ongoing efficiency programme, and we expect to deliver further margin uplift in the year ahead.

At the heart of our progress is an unwavering focus on the guest. Our record Reputation score of 816 reflects the pride our teams take in creating great experiences and the tangible improvements we have made across the estate. From demand-driving events and better Signature menu execution, to increased Order & Pay usage and more efficient labour scheduling, every initiative is designed to enhance service and satisfaction – and it is great to see our pubs delivering that experience more consistently than ever.

## Differentiated pub formats

Our differentiated pub formats are a key future growth engine. In FY2025, we completed 31 conversions – 21 Two Doors, five Grandstands and five Woodie's – all delivered on time, on budget and generating strong guest feedback and average initial revenue uplifts of 23%. With average capex per renovation of £260k, and a return on invested capital of over 30%, these formats are delivering in terms of both guest satisfaction and financial returns. Looking ahead to FY2026, we plan to accelerate the rollout with at least 50 further conversions, all within our disciplined 7–8% capex-to-revenue range. This next phase will continue to scale one of the most exciting and high-impact levers in our strategy.

**Record Reputation score  
(end of FY2025)**

**816**

**Recurring free cash flow**

**£53.2m**

## Digital transformation

Digital transformation is playing a central role in improving both the guest experience and operational efficiency across the business. At the heart of this is our enhanced Order & Pay platform, launched in March and now live across our entire managed estate. Results have been very encouraging, with revenue per transaction up over 10%, supported by stronger upselling and premiumisation. The platform also improves speed of service – particularly in high-volume and outdoor areas – and is therefore contributing to higher guest satisfaction.

More broadly, we are embedding AI tools across the business, from forecasting and labour planning to menu development and energy efficiency. With further investments in infrastructure – including new tills, tablets and an upgraded Wi-Fi network – we are building a more connected, data-driven estate that can scale more efficiently and deliver for guests in every pub at every visit.

## CEO's statement continued

### Financial progress

FY2025 marked a step-change in our financial performance. We delivered another year of significant profit growth and a material improvement in recurring free cash flow – enabling us to invest in our estate, reduce debt, and strengthen the platform for future shareholder returns. Like-for-like sales growth of 1.6% remained ahead of the market and was supported by strong performance from our 31 new format launches. Underlying profit before tax from continuing operations rose 71% to £72.1 million, following a 64% uplift in FY2024, driven by disciplined cost control and strong operational execution.

Recurring free cash flow of £53.2 million exceeded our CMD target and was delivered significantly ahead of schedule. This supported further deleveraging, with net debt (excluding IFRS 16 lease liabilities) reducing to £837.5 million. Net debt (excluding IFRS 16 lease liabilities) is now down by almost a third since FY2022 and remains underpinned by a predominantly freehold estate now valued at approximately £2.2 billion. Our leverage ratio improved to 4.6x, and net asset value per share rose to £1.25, reflecting increased profitability, estate revaluation gains, and debt reduction.

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

- Revenue growth ahead of the market
- EBITDA margin expansion of 200-300 basis points beyond FY2024, targeting 23.4% to 24.4%
- Over £50 million recurring free cash flow
- >30% ROIC on investment focused capex

### Sustainably operating the business

In FY2025, we continued to make meaningful progress across all areas of our sustainability agenda. We now have approximately 560 EV chargers across over 200 pubs, extended our glass reuse scheme to more than 150 locations, and completed the installation of solar panels at 65 pubs. We are proud to be leading the way on food waste too – achieving 74% of our 2030 reduction target and preventing over 43 tonnes of food waste through our partnership with Too Good To Go. On the people front, we were recognised as the UK pub industry's top employer by the Financial Times and with nearly 95% of our pubs achieving a 5\* EHO rating, our commitment to high operational standards remains clear. We remain focused on driving further progress in FY2026, with practical, targeted actions that make our business more sustainable for the long term.

### Outlook

Marston's heads into FY2026 with real momentum. Our high-margin operating model is underpinned by strong cost discipline, a scalable digital platform, and increasing operational efficiency – all of which are driving robust cash generation and ongoing margin improvement. Record guest satisfaction, reflected in our highest-ever Reputation scores, speaks to the consistency of our offer and the pride our teams take in delivering great local pub experiences. We are well-positioned heading into the critical festive period, with bookings tracking 11% ahead of the same point last year and a strong calendar of demand-driving events in place – such as Marston's Best Ever Christmas.

The standout opportunity for FY2026 is the acceleration of our guest-led pub formats – a proven growth engine at the heart of our strategy. The 31 conversions completed in FY2025 have continued to trade well beyond their initial uplift, giving us the confidence to step up to at least 50 format launches in the year ahead, with a focus on Two Door and Grandstand. This rollout represents a scalable, repeatable model for growth – one that is resonating with guests and supporting our longer-term ambitions. As we move into FY2026, our priorities are clear: to continue to drive performance through our market-leading operating model, new formats roll-out plan & digital transformation; delivering sustainable value for shareholders.

#### Justin Platt

Chief Executive Officer

### Section 172(1) statement

Section 172(1) of the Companies Act 2006 requires the Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, whilst also considering the likely consequences of any decisions made over the long term and the needs and interests of stakeholders. Details of how the Directors have engaged with and had regard to the interests of all our stakeholders and the need to foster the Company's relationships with those stakeholders are set out on pages 14 and 15. Principal decisions taken by the Board during the financial year are embedded throughout the report, particularly in the Chair's and CEO's statements.

## Our business model

# How we create value

We are a leading local pub company with an estate of over 1,300 pubs nationally. These comprise a balanced mix of managed, partnership, and leased and tenanted pubs allowing agility in cost sharing and innovation. Our differentiated and flexible operating model focused on five formats, ensures we can meet specific consumer needs and occasions, delivering Shared Good Times for all our stakeholders.

## Our Shared Good Times proposition

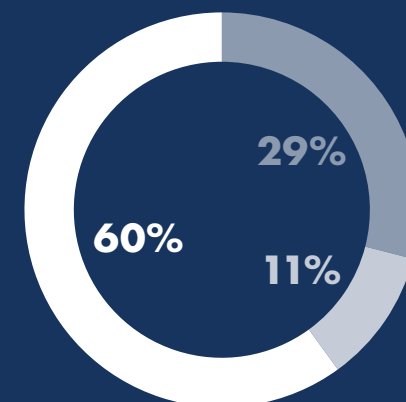
Our differentiated pub formats with wide consumer appeal:

Locals Pub	Locals Sports Pub	Family Pub	Adult Dining	Two Door Pub
<b>Target segment</b>				
Regulars and Locals Adults 35–64	Regulars and Locals Entertainment focused adults	Families with children	Affluent adults Adults 35–64	Families and Pub regulars
<b>Proposition</b>				
Share Good Times at your local	The Big Event Shared at your local	Share Good Times with all the family	Good Food Good Times	Shared Good Times for everyone

## Management models

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

- Managed pubs
- Leased & Tenanted pubs
- Partnership pubs



## Outputs

### Revenues

Revenue held steady at £897.9 million, with strong performance across newly converted pubs and like-for-like sales continuing to outperform the market.

### EBITDA margin growth

Underlying EBITDA rose 13%, with a 140bps margin uplift, driven by improved mix, disciplined cost control, and the continued strength of our high-margin operating model.

### Recurring free cash flow

A standout year for cash generation, with recurring free cash flow of £53.2 million. This exceeded our CMD target and delivered significantly ahead of schedule – unlocking greater financial flexibility going forward.

## Our business model continued

### Our key enablers

Our strategy and business model are underpinned by three key enablers. These support and help drive our strategic priorities, while reflecting our unique culture and how we operate responsibly and ethically.



#### Powerful supplier partnerships

We deliver 'Shared Good Times' by offering sector-leading food and drink, through strong partnerships with our suppliers. Our commercial marketing and procurement teams ensure high standards of quality, sustainability, and immersive guest experiences across all formats.



#### Performance-driven team

At Marston's, our performance is driven by the passion, expertise and dedication of our people. Every success is built around our team values and behaviours, and our teams' commitment to delivering great experiences, strong results and sustainable growth.



#### Safely & sustainably operating the business

From our pubs to our Pub Support Centre we are committed to protecting our people, supporting our communities and reducing our impact on the environment, ensuring we build a business that thrives for generations to come.

### The value we create

#### OUR PEOPLE & PARTNERS

# 8.3

Employee engagement score

#### OUR GUESTS

# 816

Reputation score (end of FY2025)

#### OUR COMMUNITIES & ENVIRONMENT

# 560

Rapid EV charges installed throughout our communities

#### OUR SUPPLIERS

# £560m

Total spend with UK suppliers

#### OUR INVESTORS

# £53.2m

Recurring free cash flow

# No.1

employer in UK pub industry in Financial Times

# No.1

Pub Company on Reputation

# 2,672

Tonnes of food waste saved this year

# 92%

Our approved food suppliers rated BRC Grade A or above

# £837.5m

Net debt reduction to £837.5m

[SEE MORE ONLINE](#)
[marstonpubs.co.uk](https://marstonpubs.co.uk)

## Our strategy

# Our key value drivers

Our strategy will ensure we drive guest demand and deliver great pub experiences while maintaining best-in-class operations and cost efficiencies to expand profitability and cash generation.



BUSINESS MODEL SEE PAGE 6

SEE OUR IMPACT REPORT

[marstonspubs.co.uk/responsibility](https://marstonspubs.co.uk/responsibility)



### Execute a market-leading pub operating model

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



### Capex to create differentiated pub formats

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



### Digital transformation

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



### Expansion of managed & partnership models

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



### Leveraging Marston's synergies in targeted acquisitions

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



**Revenue growth ahead of the market**



**EBITDA margin expansion of 200–300 basis points**



**Over £50 million recurring free cash flow**



**>30% ROIC on investment focused capex**

INVESTMENT CASE SEE PAGE 2

## Our key performance indicators

# Building on our progress

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

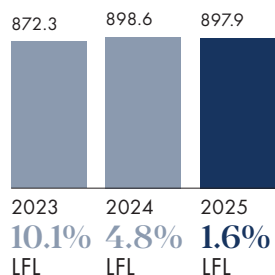
### 01

REM

#### LFL revenue growth greater than the market

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

#### Total revenue (£m)



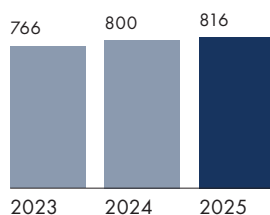
### 02

REM

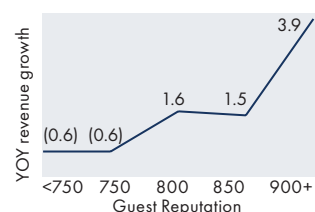
#### Focus on guest Reputation score

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

#### Guest Reputation track record (as at year-end)



#### Guest Reputation drives higher revenue growth (%)



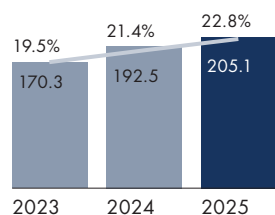
### 03

REM

#### Sustained EBITDA margin expansion

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

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



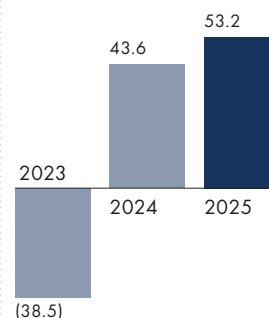
### 04

REM

#### Growing free cash flow

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

#### Recurring free cash flow (£m)

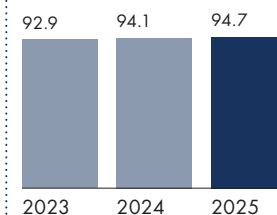


### 05

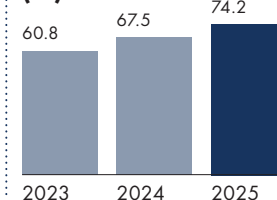
#### Safely and sustainably operating the business

Delivering impact through safe and sustainable business practices. We aim for all our pubs to achieve a 5\* EHO rating and are targeting a 50% reduction in food waste by 2030.

#### Our Pubs at 5\* EHO (%)



#### Reduction in food waste YoY to meet 2030 target (%)

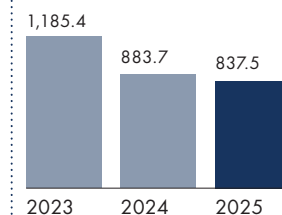


### 06

#### Material reduction in debt

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

#### Net Debt excluding lease liabilities (£m)



## Financial review

# Significant profit growth and cash flow generation

## Revenue

Revenue was stable at £897.9 million (2024: £898.6 million). Total sales in the Group's managed and partnership pubs for the 52-week period increased to £871.9 million (2024: £864.6 million). Like-for-like sales within our managed and partnership pubs were up 1.6% compared to FY2024, outpacing the market which grew at 0.7% (source: CGA RSM Hospitality Tracker). Like-for-like growth, although modest, was broad based, including drink like-for-like sales up 0.3% and food like-for-like sales up 2.2%. Sales were supported by our increasing focus on revenue-driving activity, 31 format conversions and consistent focus on customer service. Revenues in the tenanted and leased estate were £26.0 million (2024: £34.0 million). This follows c.£50 million of strategic disposals in FY2024 and FY2025, predominantly from the tenanted and leased estate, together with conversion of sites to the managed and partnership models.

## Underlying EBITDA and operating profit

A key target for the Group, outlined at the CMD, was to grow underlying EBITDA margin by 200-300 basis points from 2024 levels, giving a target range of 23.4% to 24.4%.

The Group's profitability stepped up materially in the period. In FY2025, underlying EBITDA from continuing operations increased by 6.5% to £205.1 million (2024: £192.5 million).

The EBITDA margin was up 140 basis points to 22.8%, despite c. £10.0 million of inflationary and regulatory cost headwinds, including employment cost increases following the national insurance and national living wage changes of April 2025, as we made strong progress in executing our market-leading operating model. Significant savings were made as we rolled out enhanced labour scheduling systems, and the Group delivered central efficiencies, procurement gains, and more efficient repairs and maintenance spend, whilst investing in increased marketing expenditure and more specialist roles. We see further opportunity to increase the EBITDA margin in FY2026 as we move towards our target.

As a result of the progress made on EBITDA margin, the average EBITDA per pub in managed and partnership increased 7.5% to £161.3k, the average EBITDA per pub in Tenanted and Leased increased 2.5% to £98.6k and the overall EBITDA per pub increased 7.4% to £154.4k.

Underlying depreciation and amortisation costs of £45.2 million were broadly flat year-on-year (2024: £45.3 million).

Underlying operating profit from continuing operations increased by 8.6% to £159.9 million (2024: £147.2 million). Underlying operating margins of 17.8% grew by 140 basis points compared to the prior period (2024: 16.4%). Statutory operating profit from continuing

operations, including non-underlying items (see below), was £179.7 million (2024: £151.7 million).

## Net finance costs

Underlying net finance costs were £87.8 million, substantially lower than the prior period (2024: £105.1 million) as a result of lower average net debt year-on-year, in particular following the disposal of the remaining 40% interest in Carlsberg Marston's Limited (CMBC) part way through FY2024. Please see the Debt and Financing section below for a breakdown of the components of net debt.

Underlying net finance costs include £34.8 million relating to the business's securitised debt (2024: £35.3 million), £11.9 million relating to bank borrowings (2024: £25.4 million), £23.3 million relating to other lease related borrowings (2024: £22.9 million), a £19.0 million expense relating to IFRS 16 lease liabilities (2024: £19.2 million) and £1.2 million of other items (2024: £2.3 million). There was a non-underlying charge of £3.6 million relating to the Group's interest rate swaps (2024: £32.2 million).

## Profit before tax

As a result of a £12.7 million increase in underlying operating profit and a £17.3 million decrease in underlying net finance costs, underlying profit before tax from continuing operations increased year-on-year by £30.0 million, or 71.3%, to £72.1 million (2024: £42.1 million). Statutory profit

before tax from continuing operations was £88.3 million (2024: £14.4 million), with the difference reflecting a net non-underlying profit of £16.2 million, the details of which are set out below.

## Non-underlying items

There was a net non-underlying profit of £16.2 million before tax. This included a £22.9 million net gain representing net reversals of previous impairments of freehold and leasehold property values, following the external estate valuation of the Group's effective freehold properties and the impairment review of the Group's leasehold properties, partially offset by £3.1 million of reorganisation, restructuring and relocation costs and a £3.6 million net expense in respect of interest rate swap movements.

In the prior period, there was a net non-underlying loss from continuing operations of £27.7 million before tax, consisting of a net loss of £32.2 million in respect of interest rate swap movements and £1.2 million of restructuring costs, partially offset by £5.7 million of net impairment reversals from the 2024 property revaluation and leasehold impairment review.

## Taxation

The underlying tax charge was £18.3 million (2024: £9.0 million), with an underlying effective tax rate of 25.4% (2024: 21.4%). The effective rate is slightly higher than the standard rate of corporation tax primarily due to the impact of disallowed depreciation on non-qualifying assets offset by a prior period tax credit.

## Financial review continued

### Taxation continued

We expect the underlying effective tax rate to be approximately in line with the standard rate of corporation tax in future years.

Tax on non-underlying items was a credit of £1.6 million (2024: £12.1 million), driven primarily from the recognition of a £5.4 million deferred tax asset from capital losses, previously derecognised, arising from the upward revaluation of land and buildings.

The statutory tax charge was £16.7 million (2024: credit of £3.1 million) on statutory profit before tax from continuing operations of £88.3 million (2024: £14.4 million), with an effective tax rate of 18.9% (2024: negative effective tax rate of 21.5%). The effective tax rate for prior periods including discontinued operations was positively impacted by income from associates, now discontinued, recognised on a post-tax basis.

### Profit after tax and earnings per share

The statutory profit after tax from continuing operations was £71.6 million, compared to £17.5 million in the prior period. In the prior period, there was a loss of £36.0 million from discontinued operations, including an impairment of the carrying value of the CMBC investment and losses on disposal. The statutory profit from both continuing and discontinued operations in the current period was £71.6 million compared to a loss of £18.5 million in the prior period.

Basic underlying earnings per share from continuing operations increased 63.5% to 8.5 pence per share (2024: 5.2 pence per share). Total statutory basic earnings per share were 11.3 pence (2024: loss of 2.9 pence).

### Capital expenditure

Our capital expenditure strategy was set out at the CMD, with a near-term target spend of 7-8% of revenue, including projects to enhance the estate through differentiated formats. Making progress on this, capital expenditure was £61.2 million in the current period (2024: £46.2 million), representing 6.8% of revenue (2024: 5.1% of revenue). Of the total expenditure, £8.0 million was spent on 31 format conversions, including 21 Two-door, 5 Grandstand and 5 Woodie's. Since re-opening, these conversions have delivered sales uplifts of 23% with EBITDA returns on investment in excess of 30% in trading to date. In addition, we continued to invest in maintaining our core business and in our IT platforms.

### Property and disposals

The Group's policy is to revalue its effective freehold estate on an annual basis and review its leasehold estate annually for impairment. The Group conducts an annual external valuation of all its properties to assist with this process, with all pubs inspected on a rotating basis. Approximately one-third of the estate undergoes physical inspection each year, while the remainder is subject to a desktop valuation. In June 2025, Christie & Co carried out an external valuation, the results of which are reflected in the full year accounts.

The carrying value of the estate is £2.2 billion (2024: £2.1 billion). Following the valuation, the Group recognised a £22.9 million net impairment reversal of freehold and leasehold properties in the income statement (2024: £5.7 million), and a £109.8m unrealised surplus on the revaluation of properties

(2024: £80.8 million) together with a £38.6 million reversal of past revaluation surplus (2024: £39.8 million) in other comprehensive income.

During the current period, the Group generated £6.4 million in net proceeds from non-core pub disposals (2024: £46.9 million), mainly reflecting the end of the prior period's strategic disposal programme.

The Group ended the period with 1,328 pubs (2024: 1,339 pubs), of which 1,182 were operating under the managed or partnership models (2024: 1,182) and 146 were operating under the tenanted and leased models (2024: 157 pubs).

### Pensions

The balance on our defined benefit scheme was a £15.4 million surplus as at 27 September 2025 (2024: £13.1 million surplus). The Group will continue to pay the administrative fees associated with the scheme but is currently making no other contributions to the scheme.

### Net asset value

The table below shows the main movements in net asset value:

	2025 £m	2024 £m	Variance £m	Variance %
Property, plant and equipment	<b>2,181.3</b>	2,069.0	112.3	5.4 %
Other assets excluding cash*	<b>99.1</b>	98.8	0.3	0.3 %
Cash*	<b>35.9</b>	45.5	(9.6)	(21.1)%
<b>Total assets</b>	<b>2,316.3</b>	2,213.3	103.0	4.7 %
Borrowings	<b>(1,241.6)</b>	(1,302.9)	61.3	4.7 %
Other liabilities	<b>(284.0)</b>	(255.6)	(28.4)	(11.1)%
<b>Total liabilities</b>	<b>(1,525.6)</b>	(1,558.5)	32.9	2.1 %
<b>Net assets</b>	<b>790.7</b>	654.8	135.9	20.8 %
<b>Net asset value per share</b>	<b>£1.25</b>	£1.03	£0.22	21.4 %

\* 'Cash' in this table refers to cash and cash equivalents, together with other cash deposits.

Net assets increased to £790.7 million (2024: £654.8 million), with a net asset value per share of £1.25 (2024: £1.03). The main changes in net asset value were an increase in property, plant and equipment as a result of the property revaluation and the capital investment made in the business, a decrease in borrowings net of cash due to the positive progress made in generating free cash flow in the year, and an increase in deferred tax liabilities, largely as a result of the property revaluation gain.

## Financial review continued

### Cash flow

A summary of the Group's cash flow is shown below:

	2025 £m	2024 £m
Cash adjusted total EBITDA	203.1	192.8
Working capital movement	3.0	8.2
DB pension contributions	(1.6)	(7.5)
Corporation Tax payments	(5.3)	0.1
<b>Net cash inflow from operating activities excluding CMBC dividend</b>	<b>199.2</b>	193.6
Net interest (incl finance lease capital repayments received)	(83.2)	(98.2)
Capex	(61.2)	(46.2)
Bank fees and swap termination costs	(0.9)	(5.6)
Purchase of and sales proceeds from own shares	(0.7)	–
<b>Recurring free cash flow (RFCF)</b>	<b>53.2</b>	43.6
CMBC dividend	–	13.8
Sale of property, plant and equipment and assets held for sale	6.4	46.9
Disposal of associates	(2.8)	205.5
<b>Net cash flow (NCF)</b>	<b>56.8</b>	309.8
Debt repayments and transfers from other cash deposits	(66.4)	(291.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9.6)</b>	17.9

There was a net cash inflow from operating activities of £199.2 million (2024: £207.4 million, £193.6 million excluding the CMBC dividend). Within this, working capital timing differences were £3.0 million (2024: £8.2 million). There were £1.6 million of payments in relation to the defined benefit pension scheme (2024: £7.5 million) following the cessation of c. £6 million annual cash contributions at the end of FY2024. Cash tax payments were £5.3 million (2024: repayments of £0.1 million), comprising payments in respect of FY2024 and payments on account for FY2025 under the 'large company' regime. As the Group's taxable profits increase, it expects to move into the 'very large company' regime in FY2026 which will result in c. 18 months of cash tax charges being included in the FY2026 cash flow.

Net interest costs including finance lease capital repayments received were £83.2 million (2024: £98.2 million) and capital expenditure was £61.2 million (2024: £46.2 million). After bank fees, swap termination costs, and the purchase of and sales proceeds from own shares, recurring free cash flow was £53.2 million (2024: 43.6 million), meeting the target set out at the CMD of recurring free cash flow of over £50 million a year.

Taking into account disposals proceeds received of £6.4 million (2024: £46.9 million), a CMBC dividend of £nil (2024: £13.8 million) and cash outflows in relation to the disposal of the Group's remaining 40% interest in CMBC of £2.8 million (2024: inflow of £205.5 million), net cash flow for the period was £56.8 million (2024: £309.8 million).

Mandatory securitised loan note repayments of £43.8 million (2024: £41.5 million), repayments of the capital element of lease liabilities relating to IFRS 16 of £8.6 million (2024: £8.4 million) and other debt repayments and transfers from other cash deposits of £14.0 million (2024: £242.0 million) resulted in an overall decrease in cash and cash equivalents of £9.6 million (2024: increase of £17.9 million).

### Debt and financing

Net debt, excluding IFRS 16 lease liabilities, was £837.5 million (2024: £883.7 million), a reduction of £46.2 million. Including IFRS 16 lease liabilities of £368.2 million (2024: £373.7 million), total net debt was £1,205.7 million (2024: £1,257.4 million).

The Group has continued to make progress in net debt reduction during the year; with net debt:EBITDA excluding IFRS 16 falling from 5.2x in 2024 to 4.6x at the period end. Leverage including IFRS 16 reduced from 6.5x to 5.9x.

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

Debt types	Repayment/ expiry date or average length	Debt (£m)	Cash balances (£m)	Net Debt (£m)
Securitisation	2035	516.7	21.4	495.3
Securitisation liquidity facility (£120m)		–	–	–
Marston's Issuer PLC's cash		–	0.4	(0.4)
<b>Securitisation totals</b>		<b>516.7</b>	<b>21.8</b>	<b>494.9</b>
Other lease related borrowings	2047–2058	338.9	–	338.9
Bank facility (£200.0m)	July 2027	21.0	14.1	6.9
Unamortised issue costs		(3.3)	–	(3.3)
Seasonal overdraft (£5m–£10m)		–	–	–
Bank facility totals		17.7	14.1	3.6
Preference shares		0.1	–	0.1
<b>Total excluding IFRS 16 lease liabilities</b>		<b>873.4</b>	<b>35.9</b>	<b>837.5</b>
IFRS 16 lease liabilities	24 years, on average	368.2	–	368.2
<b>Total</b>		<b>1,241.6</b>	<b>35.9</b>	<b>1,205.7</b>

## Financial review continued

### Debt and financing continued

The securitisation debt is loan notes issued in 2005 and 2007, secured on ring-fenced properties. It is long-term debt with predictable debt servicing (capital and interest payments). All floating rate notes are economically hedged in full by the Group using interest rate swaps whereby all interest payments are swapped to fixed interest payable. The weighted average fixed interest rate payable by the Group on its securitised debt as at 27 September 2025 was 6.4%. The terms of the securitisation require a liquidity facility to be in place, of which £nil was drawn at year end.

'Other lease related borrowings' is debt recognised against properties subject to sale and leaseback arrangements with repurchase options available to the Group at nominal value. The obligations under these arrangements do not fall within the scope of IFRS 16 "Leases" and are accounted for in accordance with IFRS 9 "Financial Instruments", with the assets treated as "effective freeholds". Caps and collars are in place to limit the index-linked increases in interest costs. Currently, no capital repayments are being made on the borrowings, which are economically similar to mortgages; repayment of the capital element is expected to begin in FY2033 with full repayment by 2058.

During the current period, the Group successfully secured a one-year extension to its banking facility, which was due to expire in July 2026. The revised bank facility to July 2027 is for £200.0 million, of which £21.0 million was drawn at the year end.

IFRS 16 lease liabilities are obligations from leases including sale and leaseback arrangements that completed without an option to repurchase the asset at nominal value.

The Group holds three interest swaps in relation to its borrowing facilities with a net valuation of £(53.9) million as at the period end (2024: £(59.0) million), which are excluded from net debt.

The vast majority of our borrowings are long-dated and asset-backed, including the securitisation debt. The loan to value of securitised debt, which is decreasing year-on-year, is currently 41% (2024: 46%), and the loan to value of net debt excluding lease liabilities is 44% (2024: 50%).

In summary, we have adequate cash headroom in our financing structures to provide operational flexibility. Importantly, all of our medium to long-term financing is hedged or contains caps and collars, thereby minimising any exposure to interest rate movements. Good progress has been made in deleveraging the business and we expect this progress to continue moving forwards.

### Capital allocation and shareholder returns

As set out at our CMD, our capital allocation framework is focused on enhancing long-term shareholder value through a disciplined balance of delivering strong returns on investment and deleveraging. The Board is pleased that the Group has delivered initial EBITDA returns in excess of 30% on expansionary capital. In addition, deleveraging has continued and net debt to EBITDA before IFRS 16 has fallen from 5.2x in FY2024 to 4.6x at this period end. However, leverage remains higher than target and, as such, no dividend will be paid in respect of FY2025.

Shareholder returns remain a core part of our capital allocation strategy and are planned once leverage (excluding IFRS 16) falls below 4.0x. Given the significant discount between net asset value per share and the share price, consideration will be given at that point to the use of cash for share buy backs alongside or instead of other returns of capital, taking into account further planned debt reduction, the requirement of cash for growth investment and the availability of distributable reserves.

### Going concern

Having considered the Group's forecast financial position and exposure to principal risks and uncertainties, including cost and inflationary pressures, the Directors have a reasonable expectation that the Group has adequate resources to continue to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of signing the financial statements. Accordingly, the financial statements have been prepared on the going concern basis. Full details are included in note 1 of the financial statements. This forecast predates the Autumn Budget 2025 and therefore does not include the impact of any specific measures which may be announced.

#### Notes:

- Prior period was a 52-week period to 28 September 2024.
- The Group uses a number of alternative performance measures (APMs) to enable management and users of the financial statements to better understand elements of financial performance in the period. APMs are explained and reconciled in Note 15 to the financial statements.

## Stakeholder engagement

# Engaging with our stakeholders

Engaging with our stakeholders leads to better business outcomes, which are essential to our long-term success. A summary of the primary ways in which we engage with all our stakeholders, and how their interests have been considered by the Board, can be found on the following pages.

**Read more about our key stakeholders on our website**

[www.marstonpubs.co.uk](http://www.marstonpubs.co.uk)




**READ MORE ONLINE**

### Link to strategy

#### Value drivers

-  Execute a market-leading pub operating model
-  Capex to create differentiated pub formats
-  Digital transformation
-  Expansion of managed & partnership models
-  Leveraging Marston's synergies in targeted acquisitions

#### Key enablers

-  Powerful supplier partnerships
-  Safely & sustainably operating the business
-  Performance-driven team



## People & Partners

### How we engage

- Regular dialogue through our engagement platforms
- In-person 'listening' sessions, hosted jointly by management and members of the Board
- 'Town Hall' style meetings around key dates in our financial calendar, for all employees and Partners, hosted by the Executive Committee and members of the Leadership Group
- Encouraging a 'Speak Up' culture through various employee assistance lines and our whistleblowing platform
- Pub visits by our Board, see page 31

### Outcomes

- Revision of our employer brand and rollout of simplified values and behaviours, that support the delivery of our strategy
- Implementation of a new reward platform 'Cheers', celebrating success and aligned to our values and behaviours. Access enabled for Partners too
- Review and improvements to employee benefits



## Guests

### How we engage

- Guest satisfaction surveys, opinion polls and close monitoring of our Reputation score
- Deep expertise in consumer insight and guest satisfaction
- Empower teams with real-time feedback and actionable insights, bringing them closer to guests and fostering a culture of continuous improvement
- Continuous review of guest journeys ensuring touchpoints deliver a seamless and memorable experience

### Outcomes

- Continuous improvement in our Reputation score year-on-year, with an end of year score for FY2025 of 816 (FY2024: 800). A clear reflection of our commitment to guest satisfaction
- Launch of three of our distinct pub formats this year, to meet a broader range of guest occasions and preferences
- Enhanced decision-making and responsiveness across teams, ensuring guest feedback translates into tangible improvements in service and experience
- Upgrades to guest journeys through technology, product innovation and operational efficiencies – driving convenience, choice and consistency at scale

**Link to strategy**



## Stakeholder engagement continued



### Suppliers

#### How we engage

- As a key enabler of our strategy, 'powerful supplier partnerships' continues to be an important issue. During the year, the Board consider the benefits and opportunities through key partnerships, with the aim of achieving positive and fair outcomes for Marston's and our suppliers
- Our Impact Report provides more in-depth information on how our Procurement and operational teams work closely with our supply partners to deliver robust and ethical supply chain management

#### Outcomes

- Following a thorough review of modern slavery-related risks and an Executive Committee-level assessment of them, the Board approved an updated Modern Slavery statement, which is available on our website
- The Board reviewed and approved a number of renegotiated renewals of key contracts for food and drink during the year



### Investors

#### How we engage

- Capital Markets Day, an in-person and webcast event, hosted in October 2024
- Investor Roadshows and meetings with our institutional investors, bondholders and banks held throughout the year to support our financial reporting calendar and future financing plans
- Direct engagement with major investors on Directors' Remuneration Policy proposals
- Regular feedback loops facilitated by, and detailed reports and analysis from, advisers and brokers on investor sentiment
- Communications with retail investors through Q&A sessions at our Annual General Meeting and through our website
- Ensuring employee share schemes are accessible to our People, many of whom are also shareholders

#### Outcomes

- Engagement with existing and prospective investors enables understanding of and support for our strategy and vision, and supports the Board's efforts to provide fair, balanced and understandable information
- A refresh of the corporate website to improve accessibility for retail investors and all stakeholders



### Government

#### How we engage

- Continuous engagement with regulatory authorities, including Public Health for England and Wales, Office of Health Improvement and Disparities and the Pubs Code Adjudicator
- Working with industry bodies to lobby on business-critical issues, such as business rates reform, extended producer responsibility and National Insurance contributions
- Long-term partnership with Drinkaware

#### Outcomes

- Audit Committee oversight and approval of our Pubs Code Compliance report, in line with our statutory duties
- The Board is regularly updated on compliance with regulations and readiness for emerging legislation



### Communities & environment

#### How we engage

The Board recognises the importance of, and our impact on, each of the local communities in which we operate, together with the wider environment. A key enabler of our strategy is to operate 'safely and sustainably'. We remain committed to achieving this through best in class health and safety standards, continuing efforts to support local initiatives and charities, and to operating our business and supply chain more efficiently to reduce our impact on the environment. Read more about the work that we do, progress against our core pillars and outcomes, in our Impact Report.

[SEE OUR IMPACT REPORT](#)

[www.marstonpubs.co.uk/responsibility](http://www.marstonpubs.co.uk/responsibility)



[SEE OUR INVESTMENT CASE](#) [SEE PAGE 2](#)



## Sustainability

# Delivering impact through Shared Good Times

At Marston's, we believe great pubs bring people together and can be a positive force for change. This belief underpins our approach to sustainability, which is built around the four 'P's: Planet, People, Product and Policy. These pillars guide how we deliver meaningful impact across our business and in the communities we serve.

Our Impact report sets out the tangible progress we have made as a business over the past 12 months. From expanding solar energy generation across more of our pubs and growing our industry-leading rapid EV charging estate, to reducing food waste and strengthening our ED&I networks, we have focused on actions that have the greatest positive impact and reflect our purpose and that of our pub teams.

**Our Impact report and the work on our four 'P's can be found on our website**  
[www.marstonspubs.co.uk/responsibility](http://www.marstonspubs.co.uk/responsibility)

READ MORE ONLINE

## Taskforce on Climate-related Financial Disclosures (TCFD)

We set out on the following pages our climate-related financial disclosures, which follow the guidance set out in the TCFD (June 2017) and the implementation advice (October 2021). Our reporting is aligned with the TCFD framework and structured around its four core pillars: Governance, Strategy,

Risk Management, and Metrics and targets. Our disclosures reflect our commitment to achieving Net Zero by 2040 and managing climate-related risks and opportunities across our operations and supply chain.

### Compliance statement

Marston's has complied with UKLR 6.6.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations, with the exception of the following omitted disclosures:

#### Strategy (Disclosure b – Financial impact):

Due to limitations in reliable forward-looking data, particularly around weather projections, we have not fully quantified the financial impact of climate-related risks. We will continue to review this year-on-year and are developing enhanced modelling approaches to enable more comprehensive disclosures in future reports, when the data becomes more reliable.

#### Metrics and targets (Disclosure b – Scope 3 emissions):

Scope 3 emissions are reported on a prior year basis (FY2024) due to the complexity and time required to obtain and assure data across our supply chain. We are investing in improved systems and working closely with suppliers to shorten this cycle, with the goal of reporting on a current-year basis in future.

### Governance

The Board has ultimate responsibility for overseeing risk management across the Company (as set out on pages 20 to 25), and that includes climate-related risks and opportunities as part of its strategic remit. Climate considerations are embedded into discussions on strategy, risk management and capital allocation. The Board receives regular updates from the Sustainability Taskforce on progress towards Net Zero, key achievements and emerging challenges. These updates enable the Board to assess the appropriateness of our targets and the adequacy of management's plans to deliver them. The Audit Committee reviews material risks, including climate-related risks, and evaluates the effectiveness of associated controls and mitigations.

Our Sustainability Taskforce, co-chaired by the General Counsel & Company Secretary, comprises senior leaders from across the business representing our four sustainability pillars, which are each supported by specialist steering groups. The Taskforce meets at least quarterly and reports to the Executive Committee and the Board, ensuring climate-related issues are integrated into operational and strategic decision-making. Further details can be found in our Impact Report.

### Planet working group

The Planet working group, chaired by our Energy Manager, brings together operational teams responsible for delivering carbon reduction initiatives. Meeting quarterly, the group monitors progress towards our Net Zero goals and reports to the Sustainability Taskforce and Executive Committee. This ensures climate-related considerations inform annual budgets, major investments, divestments and strategic programmes.

### Strategy

#### Climate-related risks and opportunities and their impact on our operations

Our commitment to operating safely and sustainably is a key enabler of our business strategy. Our strategy incorporates the consideration of climate-related risks and opportunities and the drive to achieve Net Zero by 2040, through identifying, assessing and managing our environmental impacts. We need to reduce emissions and the impact upon nature. We have a clear, realistic pathway to Net Zero aligned with the refurbishment of our estate and our energy procurement strategy.

Moving to Net Zero is a considerable challenge. It largely relies on our suppliers moving their own operations away from a reliance on carbon fuels within a similar time frame, and configuring supplies to assist and sustain this position.

## Sustainability continued

### Taskforce on Climate-related Financial Disclosures (TCFD)

continued

#### Strategy continued

#### Climate-related risks and opportunities and their impact on our operations continued

We have mapped our total emissions including our supply chain, which is responsible for over 76% of our emissions. This information helps us target goods we receive that are responsible for the highest emissions. Adapting our pubs to move away from gas to electricity is entirely feasible and can largely be achieved during the normal cycle of investment and refurbishment of our estate, particularly while modernising our kitchens. Our future procurement strategy includes, when economically practical, the purchasing of electricity generated from sustainable sources such as solar, wind and water, albeit only transitioning when the commercial conditions are right.

We have committed to reducing our food waste by 50% by 2030, compared to 2019. We have already achieved a 74% reduction by reducing menu options. Food waste is weighed when it is collected by our disposal supplier and is reused to generate energy.

We consider the environmental record of all major new suppliers and for food, this includes the number of miles that it travels from 'farm to fork'. Ethical information is also collected through our food information system 'Smart Supplier'. For other suppliers we use information from SEDEX, an online platform allowing businesses to share information confidentially about their ethical

performance. Contingency plans are in place to manage supply chain disruptions should they arise from climate-related or other factors.

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

OTHER INITIATIVES CAN BE FOUND IN OUR IMPACT REPORT

[marstonpubs.co.uk/responsibility](https://marstonpubs.co.uk/responsibility)

### Scope and assumptions

#### Time horizon

We consider three time horizons: 1–5 years (short-term), 5–10 years (medium term) and greater than 10 years (long term) – to be relevant for our scenario analysis. Though many of the identified risks and opportunities cannot be siloed into specific time periods, our analysis is based on the assumption that climate-related issues often manifest over the medium to long-term

- The timeframe for short term risks (1–5 years) reflects that we generally know enough about them to structure our development plans and forecast the financial impact.
- The timeframe for medium term risks (5–10 years) captures those risks that have a reasonable likelihood to impact us in the future, though it is more difficult to quantify the impact.
- The timeframe for long term risks (10+ years) captures those risks that might be contingent upon factors in the earlier time frames or where there is a greater degree of uncertainty about when they will have an impact.

### Scenario analysis

We have analysed three climate scenarios based on different increases in global temperatures (1.5°C, 1.5°C–3°C, and above 3°C). For each, we have considered physical risks, transition risks, resource risks and related opportunities, reflecting the estimated impact on our business of government action intended to limit emissions, as set out on the following page.

#### Scenario 1: Global temperature kept to below 1.5°C:

Potentially higher transition costs in the short term (1–5 years) amid:

- tighter government restrictions
- more orderly transition.

Transitional risks within this scenario:

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

#### Scenario 2: Global temperature kept between 1.5°C and 3°C:

Potentially higher transition cost in the medium term (5–10 years) amid:

- more flood costs
- more water scarcity
- government action delayed but more aggressive in the longer term
- more technological opportunities

- global economic impacts.

Transitional risks, the same as the 1.5°C scenario, albeit delayed to within 5–10 years:

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

#### Scenario 3: Global temperature increases above 3°C:

Lower transition costs in the short term. Key issues include:

- government action delayed
- additional flooding
- more heatwaves
- increased cooling costs
- guest menu choices may change
- global economic impacts increased.

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

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

## Sustainability continued

### Taskforce on Climate-related Financial Disclosures (TCFD)

#### continued

#### Risk management

##### Processes for identifying and assessing climate-related risks

We assess climate-related risks using standardised criteria to evaluate their potential impact and likelihood. The Director of Risk has responsibility to oversee the climate risk register, which is designed to identify and manage the climate risks material to Marston's and monitor the application of controls to mitigate them. We hold formal meetings to assess and re-evaluate the risks as conditions change. These assessments consider whether an identified risk could have a material financial impact on the Company.

Our Risk Committee is kept informed about the movement of our material risks to the business; this includes any regulatory update resulting from legislative issues on climate change. We track and prepare for any such legislative changes.

The Executive Committee is informed about the movement of material risks by the General Counsel & Company Secretary, who attends meetings of both Committees. This includes an evaluation of whether any climate or environmental risks are currently material to the business in terms of financial impact and regulatory compliance.

Our internal audit work focuses on gathering sufficient assurance including our sustainability reporting and supporting evidence.

We carry out annual external valuations of our property portfolio. Pubs are valued on a

rotational basis, with approximately one third inspected each year. The first external valuation on this basis was undertaken in July 2022. The assessments consider all factors that could impact valuation and cause financial impairments, impacting the income statement and balance sheet. These include risks of flooding, increased costs of compliance (e.g. EPC certificates) and any other environmental-related factors that may arise.

#### Identified risks and mitigation

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

over time. This is a qualitative assessment rather than quantitative due to the limitation of data. If necessary, we will work to completely remove those risks completely that pose a threat to achieving our strategic objectives. If avoidance is impossible, we will seek to mitigate the risk. We consider that our approach to managing these risks through our strategy to combat climate change, and the implementation of identified mitigating factors, supports our strategic resilience to climate-related risks.

Risk	Type	Description/mitigation	Severity			
			Short term (1 – 5 years)	Medium term (5 – 10 years)	Long term (10+ years)	
1. Flooding	Physical	An increase in rainfall, or intensity, could impact the severity of property damage. There is no trend currently to indicate whether this risk is either increasing or decreasing for our estate. This risk is mitigated by insuring our estate to cap the cost of flooding within any particular financial year.	<b>Minor</b> – no increased trend of flooding. Mitigated by insuring the cost.			
2. Water scarcity	Resource	Periods of drought could lead to water scarcity impacting the geographical areas in which our pubs are situated or impacting our supply chain. Marston's sites have little or no water storage so are reliant on the mains water to operate. Owning our own water licence gives greater control over data and billing, enabling a proactive approach to managing and conserving water.	<b>Minor</b> – no pubs have had to pause operations because of water scarcity.			
3. Extreme and changing weather patterns	Physical/ resource	Extreme weather may cause challenges for our supply chain, particularly the supply of certain food items. Changing weather patterns may also change the habits of our guests. Contingency plans to cover a break in supply help to mitigate this risk. The geographical spread of our pubs, and the diversity of different pub formats also contribute to reducing this risk.	<b>Minor</b> – no food or drink supply has been significantly disrupted because of extreme weather.			
4. Legislation and policy	Transitional	Increased risk of non-compliance from accelerated, or new, legislation to support the global climate agenda. Mitigated by proactively tracking the emergence of legislation and new regulation. Our transition plan for Net Zero and targeting progress helps us to adjust and comply in a well-planned manner.	<b>Moderate</b> – steps taken to achieve compliance with legislation and policy, particularly the preparation for transition to Net Zero.			
5. Consumer habits	Transitional	Consumer habits could be influenced to change towards more sustainable choices. We track guest insight data to monitor consumer habits and assess opportunities to adapt to provide valuable experiences. Our development of EV chargers at our pub sites is a good example of how opportunities arise to provide what our guests value in the context of sustainability.	<b>Minor</b> – further opportunities could exist in the future. Currently the development of the EV chargers is a good example.			
6. Technology	Transitional	The requirement to invest in sustainable technology and production could increase the input costs of our business, particularly in connection with energy and food procurement. Adopting new technologies to support our sustainability and transition to Net Zero could come with additional costs in the short term; however, they may lead to cost savings in the longer term, as well as increasing our appeal to guests, investors and financial institutions.	<b>Minor</b> – impact is likely to rise in the future as more technology becomes available to support the transition to Net Zero.			

## Sustainability continued

### Taskforce on Climate-related Financial Disclosures (TCFD)

#### continued

#### Metrics and targets

We measure and report our greenhouse gas emissions in line with the GHG Protocol, ensuring consistency and transparency. We collect Scope 1 & 2 emissions data through ISTA, while Scope 3 emissions are supported by Zero Carbon Services.

Our climate targets reflect our commitment to long-term decarbonisation:

- Net Zero across Scopes 1, 2 and 3 by 2040, in line with the sector ambition set by the Zero Carbon Forum; and
- 50% reduction in food waste by 2030, compared to a 2019 baseline. This year over 2,672 tonnes of food waste has been saved, 74% achievement of our overall 2030 target, a further improvement to last year.

Our Net Zero strategy is designed to align with industry best practice and accelerate progress across our value chain. As we advance on this journey, we expect to adopt additional interim targets and performance indicators to track progress more effectively. These will be disclosed in future reports as they become operational.

#### Scope 1 & 2 GHG emissions

We have had a comprehensive strategy in operation for many years to collect data on site emissions and engineer solutions for their reduction. We conduct site surveys to identify technical and behavioural initiatives to reduce energy usage. We have targeted to achieve Net

Zero by 2040. Our Scope 1 & 2 emissions reductions are focused on solutions in collaboration with our suppliers, through electric kitchen enabling works, installing building management systems and completion of energy audits. More detail can be found in our Impact Report on our progress on achieving Net Zero.

#### Supply chain and Scope 3 emissions

Our Scope 3 emissions are measured across all our activities, with a particular focus on food, which represents a significant part of our footprint. We are working to understand how menu design influences these emissions and to integrate this insight into our operating plans.

Through our Food Charter, we set clear environmental expectations for all suppliers, from on-boarding and reinforced through a risk-based audit programme. Compliance includes critical commitments such as zero deforestation.

To improve transparency, we collect environmental data via our Smart Supplier system and the SEDEX platform, enabling us to calculate and track both direct and indirect emissions. This data informs our carbon footprint analysis and helps identify hotspots for action.

We also maintain our zero waste to landfill position and target reductions in food waste packaging, which is detailed further in our Impact Report. Collaboration with suppliers is key to tackling residual stock and packaging challenges, while partnerships such as Too Good To Go ensure surplus food in many of our pubs is redistributed rather than wasted. Our longer-term strategy also includes the procurement of renewable energy, with a stated commitment to source and promote energy from renewable sources over the coming years.

### Climate change viability statement

The full financial impact of climate change and the transition to Net Zero cannot yet be fully quantified; however, the cost elements associated with our transition plan are becoming clearer, and we hope to provide this in the future. For instance, we are phasing the conversion of our pubs from gas and oil to electric as part of routine equipment replacement, which we expect will help to spread related transition costs over time. We continue to assess the identified potential financial implications on an ongoing basis, particularly where specific risks or opportunities increase in likelihood.

At present, we do not consider climate-related risks to be material to the viability of our direct operations in the short to medium term. While risks and opportunities exist, as outlined in this report, they are not currently significant enough to threaten business continuity. With the actions we have already taken, and those we continue to implement to advance our ESG and Net Zero agenda, we believe we are well positioned to adapt to future challenges and capture identified opportunities. We will continue to review these risks annually and update our disclosures as data and modelling capabilities improve.

#### Notes:

1. We report on all the measured emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The emissions have been assessed in accordance with the 'GHG Protocol Corporate Accounting and Reporting Standard' and in line with Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'.
2. Scope 1 & 2 data and Scope 3 business mileage data have been collected in respect of the year ended 30 June 2025. A third-party energy bureau (ISTA) identifies our energy usage per site each month and calculates the total Scope 1 & 2 emissions across our estate. ISTA collects electricity and gas meter readings from our sites, working alongside our Energy Manager to estimate readings where none are available and investigate unusual recordings.
3. Scope 3 data is collected for the previous financial year FY2024. Zero Carbon Services help calculate the Scope 3 emissions associated with the services and goods our industry receives factoring in the specific detail for our own suppliers, for instance where goods are sourced globally, using sector aligned methodology.

#### Greenhouse gas emissions by source

(Scope 1 & 2 and Scope 3 relating to business mileage)  
CO<sub>2</sub>e tonnes



Of which:	2025	2024
Electricity and gas	54,136	64,999
Petrol and diesel	734	885
Refrigerants – pubs	4,930	4,872
LPG	1,697	1,786
Oil	261	207
<b>Total</b>	<b>61,758</b>	<b>72,748</b>

#### Greenhouse gas emissions intensity ratio

CO<sub>2</sub>e tonnes per £100,000 turnover



#### Energy usage (MWhrs) (Scope 1 & 2 and Scope 3 relating to business mileage) (MWhrs)



#### Total Scope 3 emissions

(data for previous year 2024) CO<sub>2</sub>e tonnes



4. Gas consumption compared to last year reduced by 9%. Electricity consumption reduced by 12%. To reduce the energy consumed we focus each year on various initiatives.
5. Initiatives followed this year to reduce energy consumption can be found in our Impact Report, and include:
  - Energy-efficient catering equipment: fryers with oil filtration, high-efficiency chafers, and hydrocarbon refrigerators.
  - Transition to electric: enabling works through capex and inspections to replace gas catering equipment over cycles.
  - Renewable energy: solar panels installed at selected sites.
  - Lighting efficiency: LED lighting throughout, with motion sensors in back-of-house areas.
  - Voltage optimisation implemented across sites.
  - Ongoing capex projects supporting sustainability initiatives.
6. The greenhouse gas emissions intensity ratio has moved by 1.21 this year reflecting a 15% reduction.
7. Emissions data is primarily meter-based with limited estimation.

## Risk and risk management

# How we manage risk

We operate in a dynamic environment in which a range of internal and external factors may affect our strategic objectives.

This year, we have maintained our focus on integrating risk considerations into our strategic decision-making, including mitigation measures after taking into account risk appetite and enhancing our risk management framework to support the delivery of our strategic priorities. Our risk management framework is evolving to enable us to identify, assess, and manage these risks effectively ensuring we remain resilient and agile, in so doing safeguarding the long-term success of the Company.

### Risk management and internal audit framework

The Company's core risk management framework (shown here) provides a structure to monitor and manage risk effectively, to ensure risks are identified, monitored and controlled. Adopting the principles of Enterprise Risk Management (ERM), we take a company-wide, integrated approach to risk seeking to align our strategic objectives, operations, processes and people into a coordinated effort to identify the uncertainties the Company may face as it creates value.

#### Risk management framework



## Risk and risk management continued

### How risks are identified, monitored and controlled

Supported by the Audit Committee, the Board has overall responsibility for risk management and for reviewing its effectiveness. The Board delegates the responsibility of implementing and maintaining controls to the Executive Committee and senior management to ensure that risks are managed appropriately and at the right level. The Company's risk management and control framework includes internal and external audit procedures with our internal audit function bolstered by expert co-source in areas of high inherent and residual risk, such as cyber. Other company-wide forums include, the Investment Committee, which assesses the risk and sensitivity analysis for deployment of the Company's capital expenditure programme, and the Risk Committee, which evaluates principal and emerging risks, and our control framework. A summary of our principal risks, together with details of how these are being managed or mitigated, appears on pages 23 to 25. The Risk Committee are also leading the workstream to ensure readiness with the implementation of Provision 29 of the 2024 UK Corporate Governance Code (the 'Code') which is described in further detail below.

During the reporting year, the Board has supported the development of a Board Assurance Framework (BAF) to support risk management and to help ensure effective governance by providing continuous assurance on delivery of strategic objectives. The BAF identifies strategic and material risks which relate directly to achievement of the business strategy. As part of this process, all such risks and their associated controls were assessed in

detail by the Executive Committee and reported to the Board, thereby enhancing our ability to achieve our strategic objectives as well as effectively manage risk.

The BAF supports, and is an integral part of our risk management processes which include the collection, assessment and tracking of the material risks identified, in addition to the other key operational and financial risks and controls, all of which are assigned a risk owner. This is supported by risk management software which each owner has access to through the Company's portal. The software uses a 5x5 matrix and each risk owner has permanent access to risk register and heatmap-style reporting which assesses, in an integrated way, the net assessment of each risk after controls and the likelihood and impact of risk events. The ongoing review of our risk management processes is the responsibility of the risk management team and this year they have, as part of the Provision 29 workstream, identified a more dynamic software solution which will improve integration and real-time risk assessments on a continuous basis. It will also enhance accountability and visibility of material control effectiveness for the Board. A new taxonomy of risk is being designed to provide first line risk owners with an improved understanding of how every risk, whether operational, financial or commercial, supports the delivery of strategic objectives.

The Risk Committee supports the risk management team by providing direction to the management of risk across the business. It meets quarterly and this year its activities have included: leading the workstream to ensure readiness for Provision 29, assessing and undertaking reviews of risk workshops designed to test control effectiveness and any

gaps, critical assessment of all materials and principal risks and assisting with the assessment of emerging risks and opportunities.

### Emerging risk and opportunities

The formal identification and assessment of emerging risk is embedded within our overall risk management framework and overseen by the Risk Committee; however, as we operate in a dynamic and fast-paced environment, emerging risk and potential opportunities are regularly discussed and debated by the Board and the Executive Committee in the ordinary course, particularly those arising from the continuing uncertain macroeconomic and geopolitical landscape, and the potential impact on our business and the consumer. Additionally, through the Risk Committee, all risk owners and managers are encouraged to consider emerging risks so that emerging risks and potential opportunities are considered through a number of important, but different, lenses. The Company also maintains an emerging legislation tracker which is periodically reported to the Audit Committee with oversight of implementation plans and any remedial plans to cover any gaps.

This year, through the various forums, we considered emerging risks arising from new or amended regulation likely to impact the Company and the wider hospitality sector. Through reports to the Audit Committee and presentations to the Risk Committee, we considered the Company's readiness and exposure to, the Employment Rights Bill and through discussions at the Risk Committee and the Executive Committee, we considered the potential reform in gaming and leisure machines. AI is rapidly reshaping the hospitality sector, offering significant potential to enhance operational efficiency and

experience. However, as deployment of AI may introduce emerging or enhanced risks, the governance and oversight were considered (and continue to be considered) by the Company and, supported by the Risk Committee, is committed to ensuring responsible adoption. For Marston's, AI represents a dual challenge: mitigating risks through robust controls while leveraging its transformative capabilities to drive innovation, help control costs and deliver sustainable growth.

### Risk appetite

The Board sets the Company's risk appetite, defining the level and types of risk it is willing to accept in pursuit of the strategic objectives and in alignment with our values. During the reporting year, the risk appetite for our material risks was reviewed by the Board and the Executive Committee as part of the development of the BAF. The Board is committed to ensuring that the business operates within its risk appetite and takes into consideration the principal and material risks of the business when it assesses the long-term viability of the Group. While certain external risks, such as macroeconomic or regulatory changes, may require a higher level of acceptance due to their uncontrollable nature, the Company seeks to anticipate and mitigate these wherever possible.

Risk appetite guides decision-making within our organisation and ensures that risks are managed within clearly defined boundaries. In addition, one of the responsibilities of the Investment Committee is to ensure that our returns on capital employed are in line with the approved business case for capital projects and the expectations of our Board as well as being balanced with the inherent risks involved in such projects.

## Risk and risk management continued

### Board's assessment of risk

The Board, supported by the Executive Committee, has led the evaluation of the Company's principal and material risks during the reporting year, together with ensuring that the risk appetite statements were appropriate. Additionally, the Board, supported by the Audit Committee, has reviewed the effectiveness of the Company's risk management and internal control systems during the year. This review was informed by reports from management, internal audit, and the Director of Risk, as well as the Board and the Committee's own oversight activities. The Board is satisfied that the risk management processes in place are effective and provide reasonable assurance that the Company's principal risks are appropriately identified, assessed and managed.

A continued area of focus for the Board and Audit Committee is the implementation of Provision 29 of the Code. During the reporting year, the Audit Committee has monitored progress on enhancements to governance, reporting and control testing to align with the requirements of Provision 29. Further details are included in the Audit Committee report on page 35. The Board has received regular updates on readiness activities, including mapping of material controls and methodology for assessment of control effectiveness. These steps provide assurance that the necessary processes are in place to enable the Board to make the required declaration on the effectiveness of material controls in future reporting periods.

# Our principal risks

## Our principal risks represent the key categories of risk that could materially impact our strategic objectives or business model.

These are identified and assessed through a combination of top-down reviews by the Executive Committee and the Board, and bottom-up input from risk and control owners, using the various forums and processes described on pages 23 to 25, including the Risk Committee. Each principal risk is broken down into sub-risks and mapped across business functions to reflect operational realities and strategic interdependencies.

As risks evolve over time, this summary focuses on those deemed most relevant at the time of reporting, rather than all risks monitored across the business. Each principal risk comprises a set of interrelated material and sub-risks which have been identified as part of the Provision 29 workstream and planning. Each risk is categorised as strategic, operational, financial, commercial or a combination thereof and the risk type, whether business, external or financial, helps determine and align the risk appetite and the Company's adopted approach to risk management and mitigation.

### Risk categories:



**Strategic risk** – risks that impact the strategic positioning of the business, including market attractiveness and competitive positioning.



**Commercial risk** – risks that relate to the commercial decisions taken by management, such as pricing strategies, that can impact key outputs, including revenue and margin growth.



**Operational risk** – operational risks refer to the way the Company operates on a day-to-day basis to deliver the products and services to our guests.



**Financial risk** – financial risks relate to funding, liquidity and interest rate management.

### Risk types:



**Business risk:** Calculated and measured business risks taken by management, typically falling into strategic, operational, commercial and financial categories. Our risk management processes ensure these risks are managed and controlled, and risk appetite is regularly assessed and aligned to pursuit of strategic objectives.

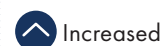


**External risk:** Often uncontrollable risks, but the Group has risk management and business continuity processes in place for anticipating, managing and mitigating such risks. They are sub-categorised as non-controllable external risks and controllable external risks, (such as cyber), for which we set a default risk appetite of 'minimal'.



**Financial misstatement risk:** This related to weaknesses or breakdowns in financial systems and controls. These risks are managed and mitigated by having rigorous internal financial controls in place that are regularly tested, updated and assured. There is no appetite for such risks.

### Movement key:



Increased



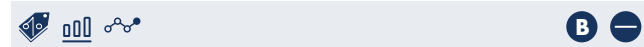
No change



Decreased

## Risk and risk management continued

### Our principal risks continued

**RISK KEY ON PAGE 22**


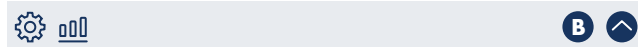
#### 1. Strategy delivery and transformation

##### Risk description

A range of factors could impact the successful delivery of our strategic objectives and transformation plans. These include organisational capability and structure, pace and scale of change, competitive environment, pricing, attractiveness of offer to guests, capital deployment and reputation of the business.

##### How we control or mitigate the risk

- The Board and Executive Committee regularly monitor progress against delivery of strategic priorities using monthly RAG rated reporting, supported by a presentation from the CFO and CEO at each Board meeting
- The Investment Committee evaluates capital deployment and format development to ensure projects are delivered to specification, and on time and that returns meet expectations
- The BAF helps ensure effective governance by aligning risk factors to the deliverance of strategic objectives
- Detailed guest and market insights inform tactical decisions, including pricing, and ensuring offers are competitive and attractive
- Organisational values and behaviours are embedded to support cultural alignment and execution
- Disciplined approach to key financial metrics including budget, labour deployment, sales and stock control to ensure the Company operates efficiently and continues to generate strong profit and healthy cash flows



#### 2. Information technology, cyber security and business critical systems

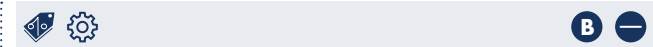
##### Risk description

Many of our key business operations rely on the continued resilience of our IT network and continuous enhancement and investment in our infrastructure is required to ensure effectiveness. We continue to face the threat of malicious cyber-attacks and disruptive technologies (the nature of which constantly evolves and becomes more sophisticated) data breaches, leaks of confidential information, and network or infrastructure outages. These may cause loss of revenue, regulatory action, loss of consumer trust or our competitive advantage.

**Movement:** The residual risk has increased due to the growing prevalence and sophistication of cyber threats globally. Cyber security risks represent a material concern for all organisations, driven by factors such as rapid technological change, increased digital dependency and evolving attack methods.

##### How we control or mitigate the risk

- Robust IT controls are in place to mitigate these risks, such as cyber security toolkits for prevention and alerts, penetration testing, vulnerability assessments, incident response planning and scenario testing
- Regular comprehensive audits and testing of our IT infrastructure
- Partnership/expert support from third parties (including our insurers)
- Mandatory cyber security training and robust policies which are regularly reviewed
- Evaluating our cyber security posture and readiness against established standards and guidelines, such as those outlined by the National Institute of Standards and Technology (NIST)
- Conducting risk assessments of key third-party supplier's security measures to ensure they align with the current threat landscape



#### 3. Talent pipeline

##### Risk description

We are a people powered business. Risks relating to ineffective succession planning, new talent attraction, remuneration, culture and engagement could affect our ability to execute our strategy to the required standard, attract new talent as our business develops and grows, and deliver against our critical value drivers.

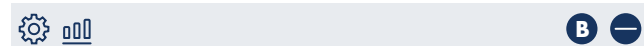
##### How we control or mitigate the risk

- Flexible operating models which are regularly benchmarked and reviewed
- Regular succession planning and talent reviews for our Executive Committee and Leadership Group are now overseen by the Nomination Committee
- Attraction and retention strategy and critical role audits
- Revised employer brand, values and behaviours were re-launched during the year, supporting engagement and performance-driven teams, including a new reward platform for employees and Partners
- Strengthened corporate narrative and news flow
- Workforce engagement sessions and regular feedback surveys inform our people strategy

## Risk and risk management continued

### Our principal risks continued

RISK KEY ON PAGE 22



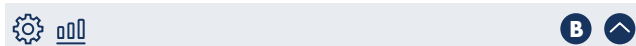
#### 4. Health and safety (including food safety)

##### Risk description

The safety of our guests and people is paramount to our business. Risks such as non-compliance with EHO standards, allergen/food safety incidents and fire risk could lead to serious injury or harm, loss of trust, reputational damage or regulatory penalties.

##### How we control or mitigate the risk

- Independent auditors (NSF) conduct unannounced checks covering our key controls in high-risk areas, such as allergens, fire, food safety, and health and safety standards. Audit scores are reported monthly to the Executive Committee, and regularly to the Board, and are factored into operational incentives schemes
- Mandatory health and safety induction, training and refreshers, all centrally tracked
- Reporting systems for effective emergency response and trend analysis
- Use of Smart Supplier systems for ingredient and menu data accuracy, together with batch and supplier record
- Allergen compliance and awareness strategy including mandatory training
- Investment in Primary Authority partnerships in key jurisdictions
- Our Food Charter sets out food safety and sourcing requirements, including traceability, testing, audits and SEDEX registration



#### 5. Business continuity and supply chain

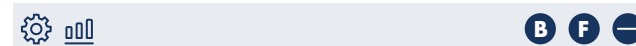
##### Risk description

Risks of critical supplier failure (food, drink, utilities), network/infrastructure outages, and forced closure of pubs (national or regional) could disrupt operations and impact revenue.

**Movement:** the residual risk has increased due to, as set out on page 23, the worldwide prevalence and sophistication of cyber threats. Due to the complexity of global supply chains, this includes exposure to operational disruptions originating from third-party vulnerabilities.

##### How we control or mitigate the risk

- The Business Continuity Committee oversees contingency planning, crisis response and supplier resilience
- Critical suppliers are subject to regular review and contract renewal processes
- Infrastructure and IT systems are monitored and tested to ensure operational continuity
- Experienced procurement and marketing teams
- Robust evaluation of our third-party risk management framework, including enhanced due diligence, contractual security obligations, and ongoing monitoring of critical vendors



#### 6. Property and estate management

##### Risk description

Misstatement of property valuation and significant estate management or maintenance issues could affect financial reporting and operational effectiveness.

##### How we control or mitigate the risk

- Estate management is supported by robust maintenance and capital investment programmes
- Property valuations are independently reviewed and audited with the oversight of the Audit Committee
- Asset performance is tracked through operational KPI reporting and regular site visits
- Sustainability upgrades are integrated into refurbishment plans
- NSF audits and investment in compliance-based systems to monitor statutory safety duties, including gas safety, electrical testing, water hygiene, fire safety and asbestos management
- Authorised supplier, certification and maintenance systems in operation

## Risk and risk management continued

### Our principal risks continued

RISK KEY ON PAGE 22



#### 7. Climate and environment

##### Risk description

Risks from extreme weather, challenges in achieving Net Zero and increased regulation or energy costs could impact trading, estate management and compliance with ESG commitments.

##### How we control or mitigate the risk

- Our Sustainability Taskforce and Planet Working Group help us identify key risks, opportunities and the impact of climate change on the business
- Under our sustainability strategy, we set targets and report progress towards those targets for each pillar: People, Planet, Products, and Policy. See our TCFD report on pages 16 to 19 and our Impact Report on our website

[SEE OUR IMPACT REPORT](#)
[www.marstonpubs.co.uk/responsibility](http://www.marstonpubs.co.uk/responsibility)


#### 8. Financial instability resulting from a major decline in trade or financial misstatement

##### Risk description

The Company's ability to meet its financial obligations and to support the strategic plans and operations of the business is dependent on having sufficient liquidity and cash flow. We are also reliant on the continuing availability of financing from our banks, and access to capital markets, to meet our liquidity needs, which are often seasonal in nature. The Company might suffer financial loss or loss of investor confidence in the event of financial misstatement or other unforeseen event such as a serious decline in trade or serious fraudulent activity. Economic downturns can strain liquidity, especially if pubs cannot pass cost increases to guests.

##### How we control or mitigate the risk

- A central treasury function which monitors covenant compliance, liquidity and other key indicators, with the oversight of the Audit Committee
- Our Finance team and audit functions conduct regular forecasting and stress testing, and headroom is regularly considered and reported
- Fraud controls are embedded in financial systems and reviewed by audit functions and profit protection teams
- Engagement with lenders and brokers ensures transparency and support
- Investment in technology to support reporting and trend analysis
- Dedicated team focused on operational excellence in key areas such as controls and oversight of stock and cash management
- Implementation plan for new and emerging legislation (ECCTA)



#### 9. Uncertain economic and geopolitical outlook

##### Risk description

High inflation, slow GDP growth, and elevated interest rates reduce disposable income, which may lead to lower discretionary spending on leisure activities, leading to reduced footfall and average spend per visit. Rising input costs (energy, food, wages) and supply chain volatility can also squeeze margins. If inflation persists, financing costs and operational expenses are likely to increase, which could impact business performance.

Shifts in government policy, such as employment legislation (for example minimum wage increases), health-related regulations (alcohol consumption) or ESG mandates – can increase compliance costs and operational complexity. New taxes or duties on alcohol, energy or carbon emissions could also increase costs.

**Movement:** We continue to operate in an environment heavily influenced by economic volatility and geopolitical uncertainty leading to fluctuating consumer confidence impacting trading performance and long-term planning. Compared to last year, exposure to this risk has increased slightly, driven by persistent inflationary pressures, ongoing geopolitical tensions, and slower economic recovery.

##### How we control or mitigate the risk

- Strategic objectives seek to mitigate economic uncertainty by supporting a lean, flexible structure. Our differentiated formats and tech-enabled cost controls help broaden consumer appeal and maintain profitability
- Regular reporting of market and guest insight to the Executive Committee and Board to inform decision-making
- Experienced management team able to respond at pace to changing and challenging conditions
- Strong supplier relationships and an experienced Procurement team
- Robust monitoring and scenario planning
- Emerging legislation is identified and tracked and implementation plans are monitored

## Viability statement

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

The Directors' assessment has been made with reference to the Group's current position, its financial plan and financial planning process, comprising a detailed forecast for the next financial year, together with a projection for the following two financial years. The plan also reflects the Groups principal risks and uncertainties as set out on pages 20 to 25, specifically Uncertain economic and geopolitical outlook (risk 9), Strategy delivery and transformation (risk 1), Talent pipeline (risk 3), Business continuity and supply chain (risk 5), Property and estate management (risk 6) and Financial instability resulting from a major decline in trade or financial misstatement (risk 8).

Principal risk 9 (Uncertain economic and geopolitical outlook) and risk 1 (Strategy delivery and transformation) relate to the continued uncertainty surrounding the economic and political environment including inflationary pressures, political uncertainty and

ongoing geopolitical conflicts, which could lead to increased costs and reduced consumer confidence, together with the risk of being unable to deliver major transformational projects on time, or realising the full benefit due to the volume or pace of change. Risk 3 (Talent pipeline) relates to the ability to recruit and retain skilled and experienced labour and increases to employment costs, both adding to operational cost pressures and ability to deliver strategy. Risk 5 (Business continuity and supply chain) includes risks of critical supplier failure and network or infrastructure outages, which could disrupt operations and impact revenue and Risk 6 (Property and estate management) considers significant estate management or maintenance issues, which could affect operational effectiveness.

To assess the impact of the Group's principal risks and uncertainties on its long-term viability, a downside scenario reflecting a reduction in sales together with increased costs and a severe but plausible downside scenario in the form of a reverse stress test to the base case was applied to the Group's financial forecasts in the form of reduced sales (taking into account the above risks), with variable costs moving in line with the change in sales volumes. Key considerations are the Group's liquidity and ability to meet financial covenants in the downside scenarios modelled (risk 8, Financial instability resulting from a major decline in trade or financial misstatement).

In the downside modelled, the Group continues to remain profitable with adequate liquidity, and financial covenant tests are met. The reverse stress test model demonstrated that the Group could withstand a sales decrease of

over 10% to that modelled in the base case with only discretionary employee reward costs included as mitigating actions. However, in the eventuality of any downside, the Group's financial plans would be adjusted in response to the scenario by reviewing controllable and discretionary costs alongside capital investment to implement further mitigating actions.

In the forecasted period the Group is required to refinance its bank facility by July 2027, and it has been assumed that this would be on a similar basis. Whilst there is no certainty, since it requires the agreement of its lenders, based on the successful amend and extend to the bank facilities during the period and the continued positive relationships, the Directors believe they will be able to secure any such financing required.

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

Further, whilst the experience of inflationary pressures and economic uncertainty could be expected to lead to lasting changes in both guest behaviour and competition in the hospitality sector, in making this assessment the Group has taken the view that any adverse impact on sales, through reduced visits will be temporary in nature and should not extend to any material extent into the future. Pubs have been resilient in previous economic downturns and offer value to the consumer. The Directors have determined that, over the period of the viability assessment, there is not expected to be a significant impact resulting from climate change.

In making this statement, the Directors carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. Principal risks and uncertainties are the result of internal risk management and control processes, with further details set out on pages 20 to 25.

### Strategic report approval

The Strategic report, outlined from the inside front cover to page 26, incorporates: Our 2025 financial highlights, Investment case, Chair's statement, CEO's statement, Our business model, Our strategy, Our key performance indicators, Financial review, Stakeholder engagement, Sustainability, and Risk and risk management.

By order of the Board:

**Justin Platt**

Chief Executive Officer