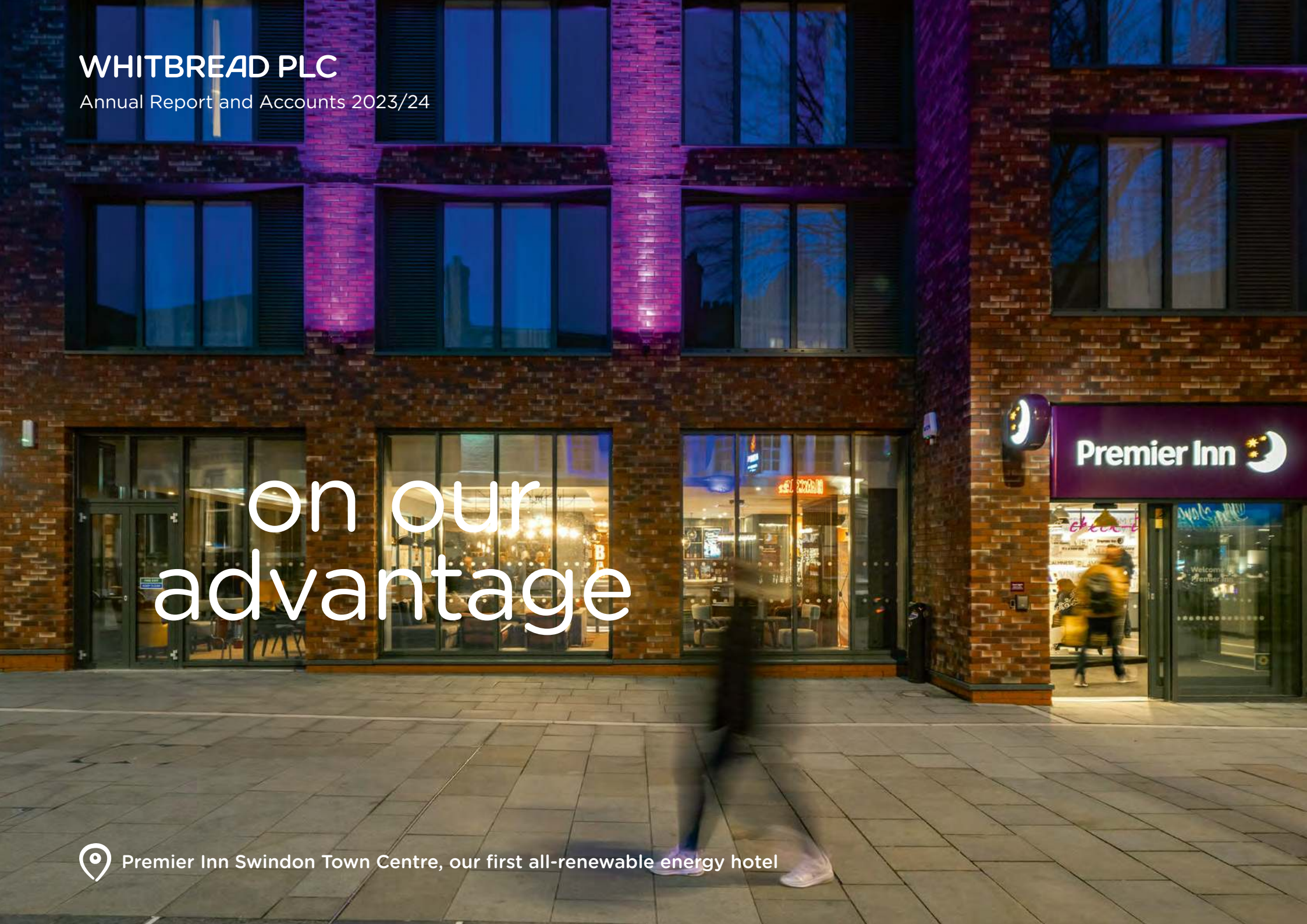
WHITBREAD PLC

Annual Report and Accounts 2023/24

on our advantage



Premier Inn Swindon Town Centre, our first all-renewable energy hotel

Whitbread owns Premier Inn, the UK's biggest hotel brand, operating over **85,000 rooms** in over **850 hotels**. We also have a significant and growing presence in Germany, where we have **59 hotels** open and where we are determined to replicate our UK success to become the number one hotel brand.

Our scale and passion for excellence mean we can deliver a great guest experience at an attractive price whilst also continuing to invest in our operations.

Our year at a glance

Statutory revenue

£2,960m

2022/23 £2,625m

Adjusted profit before tax†

£561m

2022/23 £413m

Statutory profit before tax

£452m

2022/23 £375m

Adjusted basic earnings per share†

206.9p

2022/23 162.9p

Statutory basic earnings per share†

161.0p

2022/23 138.4p

Dividend per share

97.0p

2022/23 74.2p

Adjusted operating cash flow†

£787m

2022/23 £719m

Lease-adjusted net debt to adjusted EBITDAR†

2.9x

2022/23 2.6x

Total shareholder returns*

£756m

2022/23 £119m

* Total shareholder dividends and share buy-backs paid in 2023/24.

† See pages 231 to 237 for definitions of alternative performance measures. This footnote is referenced throughout the report.

Throughout this report and unless stated otherwise, all percentage growth comparisons are made comparing the latest year (2023/24) performance with that of the prior year (2022/23).

on our advantage

Our sustained programme of investment across all areas of our operations is driving our differentiated and proven business model to deliver attractive levels of return.

See page 12

See page 24

See page 38

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Find out more about Force for Good in our ESG Report 2023/24

Find out more online
www.whitbread.co.uk/

PURPOSE ROADMAP

What sets us

Our purpose

To provide quality, affordable hotel rooms to our guests, to help them to live and work well and to positively impact the world around us.

With no barriers to entry or limits to ambition, we will provide meaningful work, skills and career development opportunities for our teams.

See page 52

Strategic framework

See pages 16 to 17

Force for Good

Force for Good is our long-established sustainability programme. Within each aspect of our business strategy are stretching targets that are fully embedded across our business.

Opportunity
Supporting our team members so they can reach their potential with no barriers to entry and no limits to ambition

Community
Making a meaningful contribution to the customers and communities we serve

Responsibility
Always operating in a way that respects people and the planet

Find out more online
www.whitbread.co.uk

See page 58

> "Our ambition is to be the world's best budget hotel brand."
>
> **Dominic Paul**
> Chief Executive

BRANDS AND LOCATIONS

Our brands

Hotels

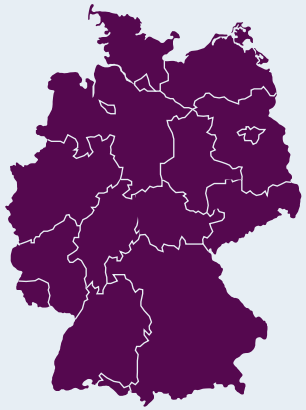
Premier Inn is the largest hotel brand in the UK and has a growing presence in Germany. Our consistent guest proposition is synonymous with providing high-quality and great value hotel rooms. We have a long runway for growth; with our committed and future pipeline, as well as our extensions programme, we will reach at least 97,000+ open rooms in the UK by 2028/29.

'hub by Premier Inn' offers a more compact, digitally advanced in-room experience at a great price in prime locations. With 17 hub hotels already open across London and Edinburgh, we have a committed pipeline to open more sites over the next few years.

Food and beverage

Food and beverage, especially a hot breakfast, is a key part of the overall guest experience at Premier Inn. Our guests have access to either an unbranded integrated restaurant within the hotel or a branded restaurant just next door.

Where we operate[1]



United Kingdom

Our largest and most profitable market is driven by high volumes of domestic travel with additional inbound travel from international markets. With a significant decline in the independent sector and limited new room growth from other branded operators, a favourable supply backdrop is expected to continue for a number of years.

UK long-term room potential

125,000

Open rooms[2]

85,000

Committed pipeline[4]

7,000

Read more on pages 26 to 29

Germany

The German hotel market is 40% larger than the UK and shares a number of attractive structural characteristics that helped drive Premier Inn's success in the UK. Having grown rapidly in recent years, we are on course to become Germany's number one hotel brand, delivering profitable growth and attractive long-term returns on capital.

Long-term ambition to become

No.1

Open rooms[3]

10,500

Committed pipeline[4]

6,000

Read more on pages 32 to 35

1 As at 29 February 2024.

2 Includes six sites in Ireland, one site in each of Guernsey and the Isle of Man and two sites in Jersey.

3 Includes one site in Austria.

4 Sites where the Group has a legal interest in a property with the intention of opening a hotel in the future.

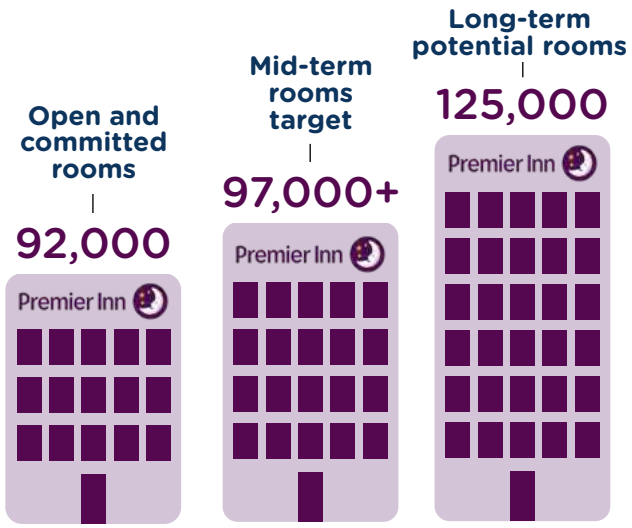
WHY INVEST?

Investment case

Whitbread owns Premier Inn, the UK's largest hotel brand, and is also on course to become the number one hotel brand in Germany. The Group employs over 38,000 people and is a long-term constituent of the FTSE 100 index.

1 | Long-term UK growth opportunity

With over 85,000 rooms open and a further 7,000 rooms in our pipeline, we have significant growth potential of up to 125,000 rooms across the UK and Ireland. The structural shift in UK hotel supply following the pandemic and a subdued pipeline of new build hotels means we do not expect UK supply to recover to 2019 levels until at least 2028. Our in-house acquisition team, large freehold portfolio and flexible approach to property ownership means that we are well-placed to take advantage of this significant market opportunity and can add rooms through new sites and extensions.

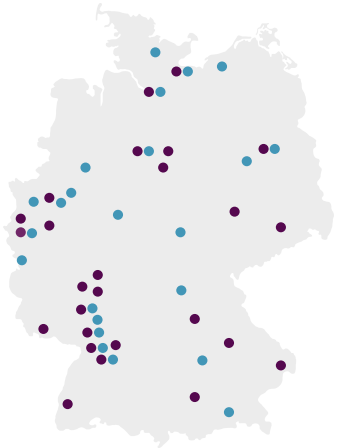


2 | Unlocking value in Germany

The opportunity to create substantial value in Germany is significant. With similar characteristics to the UK market, Germany has a large and declining independent sector but, unlike the UK, has no clear leader in the branded budget segment. Following the opening of our first hotel in 2016, we have grown rapidly through a combination of both organic growth and acquisitions. At the end of 2023/24, we had a total of 93 hotels in our open and committed pipeline, making us one of the largest operators in the market. We have committed £1.1bn of capital and have a clear strategy in place to become the number one hotel brand in Germany and reach long-term returns on capital of between 10–14%.

Open hotels*
59

Pipeline hotels
34



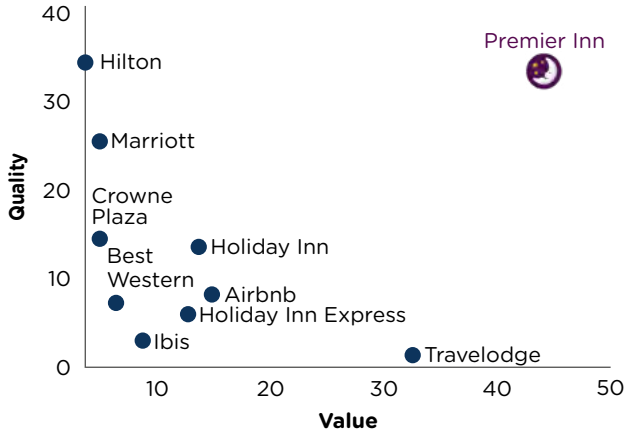
* Includes one hotel in Austria.

3 | Differentiated operating model delivers a market-leading customer proposition

Our operating model gives us a significant competitive edge. Ownership of all aspects of our operations ensures the delivery of a consistent, high-quality product, whilst our scale and financial discipline mean we can continue to offer great value for our guests. Our in-house, centralised approach to revenue management integrates digital marketing into our trading strategy, helping us to maximise revenue. Almost all of our bookings are made direct, significantly lowering our acquisition and retention costs.

We are evolving our offer to ensure that we uphold our brand promise and continue to delight our guests. Our food and beverage offer drives incremental RevPAR and our planned changes to optimise our offer will further enhance the guest experience. Our Force for Good sustainability programme ensures we are contributing positively to the communities where we operate.

YouGov BrandIndex[1]



1 YouGov BrandIndex Quality & Value scores as at 29 February 2024 based on a nationally representative 52-week moving average.

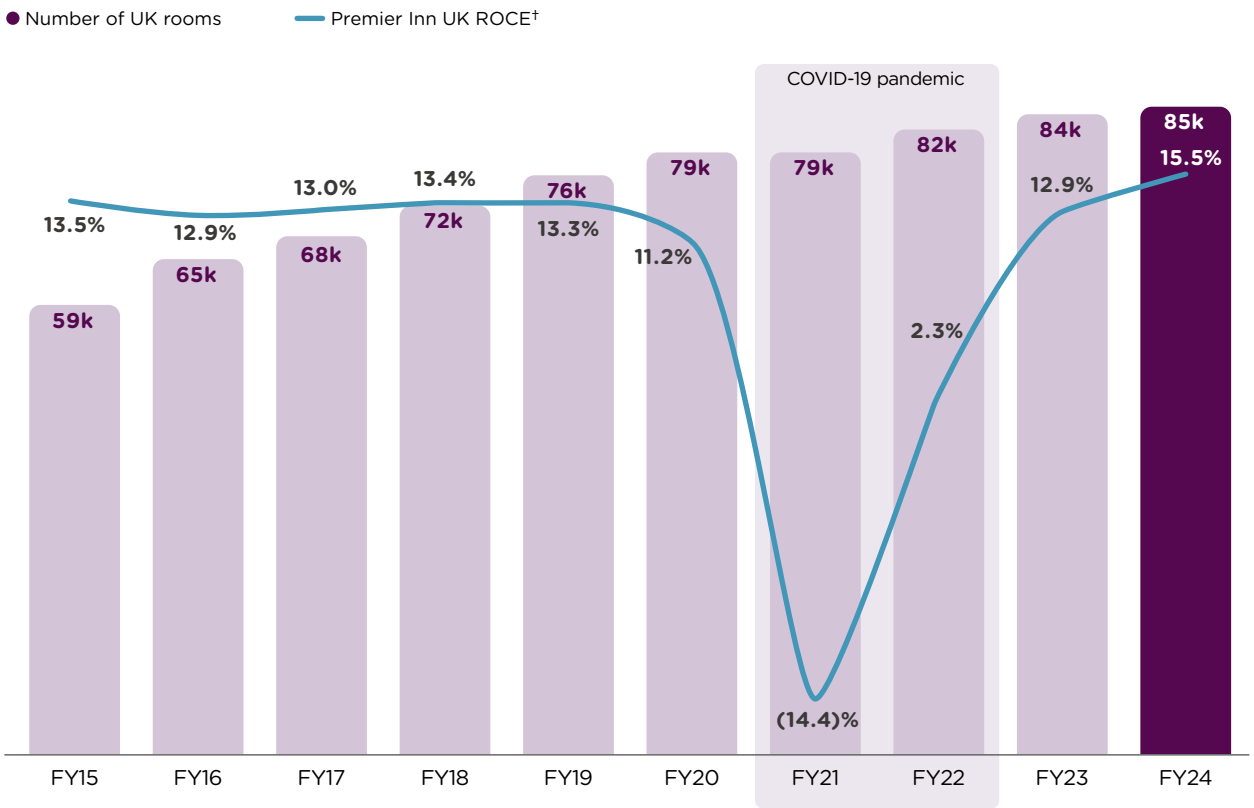
4 | Increased returns on a growing capital base

Our vertically integrated business model, continued capital discipline and diligent execution of our business strategy have combined to deliver strong growth and attractive rates of return. This year, our UK business reached record levels of returns whilst we continued to grow our estate.

Since 2019/20, we have added almost 7,000 rooms across the UK and Ireland and increased our return on capital employed† (ROCE).

In 2023/24, our UK estate stood at over 85,000 rooms and we achieved ROCE† of 15.5%. We aim to drive this higher through optimisation of our estate, as well as a series of commercial initiatives and operating efficiencies. Whilst still in its early stages of development, we believe that our German business, once mature, will deliver strong growth and attractive long-term returns.

Premier Inn UK returns

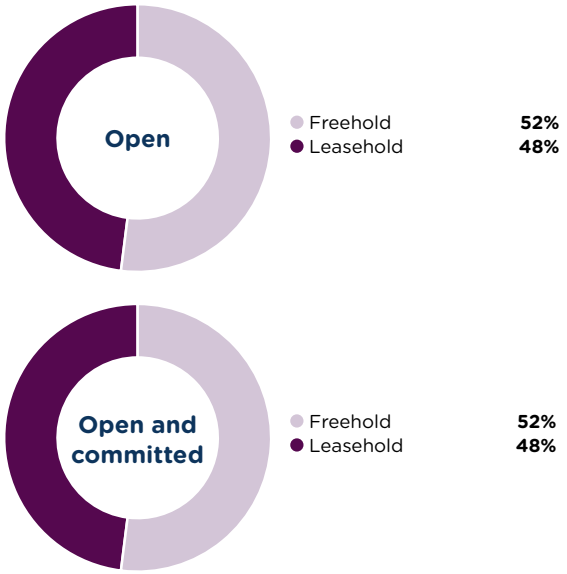


5 | Asset-backed balance sheet provides stability and enables growth

With an upgraded investment grade[2] rating of BBB, at the year-end we had net debt† of £298m. We have a strong balance sheet that underpins our confidence in being able to continue to invest, even through periods of macroeconomic uncertainty. Our balance sheet is backed by a substantial freehold property portfolio that provides operational flexibility and is a potential source of future funding through selective sale and leaseback transactions. It also enables us to maximise the commercial opportunity in any location and optimise our portfolio by extending existing sites, closing sub-scale hotels and opening bigger, more efficient hotels, thereby maximising returns.

2 Fitch Ratings, 17 August 2023.

Freehold : Leasehold mix



on our opportunity

Adam Crozier
Chairman

The past year has seen us deliver another outstanding financial performance. The execution of our business strategy, supported by our strong market position and differentiated business model, is extending our leadership position in the UK and we are making encouraging progress towards replicating that success in Germany.

Our strong performance ensures we can continue to invest in our existing business, as well as in new opportunities to drive long-term returns for the benefit of our stakeholders.

Our results are underpinned by the continued dedication and hard work of our teams. Their passion and focus on operational excellence ensures that, even at high levels of hotel occupancy, we are continuing to deliver a high-quality and great-value experience for our guests. Sustaining our market-leading customer proposition requires that we continue to evolve our business, balancing the needs of each of our key stakeholders, backed up by a process of rigorous oversight, performance management and our Force for Good sustainability programme. Tailoring the way we provide food and beverage in a number of our UK locations is a further example of this process in action. As set out in the Chief Executive's review, our planned changes to our branded restaurant portfolio will improve the service to our hotel guests, unlock the addition of new high-returning hotel rooms and increase efficiencies. Whilst there will be an impact on some of our team members, we will seek to offer alternative opportunities across the Group wherever possible.

The nature of our business requires that we take a long-term view when it comes to capital allocation. This approach has served us well over the past 280 years and is building on our advantage, opening up new opportunities for future growth and increasing financial returns.

Full-year results and final dividend

Premier Inn UK remained the engine of growth in 2023/24, supported by further progress in Germany and increased interest receivable on our cash balances. Group statutory profit before tax was £452m, an increase of £77m versus the prior year after £109m of adjusting items (including £107m of impairments).

Our vertically integrated business model ensures we have control over the guest experience and provides us with significant operating leverage, generating strong cashflow of £787m over the past year. As a result, we were able to continue to self-fund our programme of investment, with expansionary and non-expansionary capex totalling £509m in 2023/24. Our balance sheet remains strong, as reflected by the improvement in our investment grade rating to BBB in August 2023[1].

Given our strong performance and confidence in the outlook, the Board is recommending a final dividend of 62.9 pence per share, a 26% increase from last year and a further £150m share buy-back. The final dividend will be paid on 5 July 2024 to shareholders on the register on 24 May 2024. As in previous years, the Dividend Reinvestment Plan (DRIP) will enable eligible shareholders to receive their dividend entitlement in the form of additional Whitbread shares.

Find out more online
www.whitbread.co.uk

1 Fitch ratings, 17 August 2023.

With our continued commitment to the environment as part of our Force for Good agenda, and in response to a rise in the number of uncashed dividend cheques, we have decided that in future cash dividend payments will only be made by electronic means. This will start with the interim dividend, which we expect to pay in December 2024. From that point on we will no longer be issuing payments by cheque. Further details on how you can register your bank account details, so you can have dividends paid directly to your account, can be found in the shareholder services section of the report on page 238.

Strategy

Our strategy is unchanged and we are continuing to seek ways in which we can refine and improve our business. Examples include the further optimisation of our UK estate, continued progress in Germany, our upgraded technology platform and our new £150m efficiency programme. Further detail on these and our other commercial initiatives is set out in the Chief Executive's review on pages 8 to 11, explaining how they are helping to ensure we continue to deliver a quality experience for our guests, provide rewarding employment for our teams and attractive long-term returns for our shareholders.

Capital allocation

Retaining a strong balance sheet with investment grade metrics remains a key pillar of our capital allocation framework. Having considered carefully the Group's financial performance and overall business outlook, the Board is pleased to be able to announce a further £150m share buy-back, which is in addition to the £600m that was returned over the past year.

Further details regarding the latest share buy-back can be found in the Chief Executive's review on pages 8 to 11

Force for Good

An integral part of our strategy is our sustainability programme, Force for Good. We remain focused on delivering against the three pillars of our programme: opportunity, community and responsibility.

During the year we continued to invest in our teams, not just through increased levels of pay but also through initiatives such as our apprenticeship programme that is helping to provide those at the start of their careers with an opportunity to acquire new skills and build a career with us at Whitbread.

We have made good progress with our operational carbon and water reduction and continue to trial solutions that will further decarbonise our estate. In addition, we have started preparing for the Corporate Sustainability Reporting Directive, including our double materiality assessment.

Our partnership with Great Ormond Street Hospital Children's Charity has now raised a total of over £24m in the UK and during the past year we donated over 50,000 pieces of bedding and 2,000 mattresses to those impacted by the conflict in Ukraine.

You can read more about our Force for Good commitments and progress during the past year on pages 61 to 63

The Board

I am pleased to report that Dominic Paul's arrival as Chief Executive last year has been hugely positive. Dominic's understanding of our business approach has allowed us to progress at pace on a number of key initiatives, whilst continuing to deliver outstanding financial results. Dominic summarises our progress over the past year as well as some of our future plans in his review.

During the year we appointed Shelley Roberts as a non-executive director. Shelley brings a wealth of experience from her current role as Chief Commercial Officer at Compass Group PLC, as well as from her previous roles in the international airline industry and she is already proving to be a valuable addition to the Board.

Both David Atkins and Fumbi Chima have confirmed that they will not seek re-election at this year's forthcoming AGM. I would like to take this opportunity to thank them on behalf of the Board for the significant contribution that they have both made to our progress and to wish them well for the future. Their decision to step down presents an opportunity to review the size and shape of the Board whilst continuing to make sure that we progress towards our 40% target of female Board members, as recommended by the FTSE Women Leader's review. Although we do not yet have a female appointee in one of the top four senior positions, we are committed to achieving this goal and will provide further updates in future reports.

Governance

Whilst satisfied that our governance approach is robust and effective, we are not complacent and I have welcomed input from a number of our investors with whom I have met during the past year. Hearing first-hand their views on a range of topics including business strategy and culture, remuneration, environmental, social and governance matters as well as financial and operational performance has been most useful in helping to inform how we think about and oversee all areas of our business.

Executive remuneration remains a key area of focus both for the Board and the Remuneration Committee. As explained by the Chair of the Remuneration Committee on pages 122 to 124, our executives and wider teams are incentivised to achieve what the Board believes are stretching targets so that their interests and those of our shareholders and other stakeholders are aligned.

Annual general meeting

The AGM will take place at 2.30pm on Tuesday 18 June 2024 at our head office in Dunstable and full details of the meeting are set out in the Notice of Meeting. For those able to attend, my colleagues and I look forward to welcoming you then.

In the last couple of years we have provided a live video stream of our AGM, together with the opportunity to both vote and ask questions remotely during the course of the meeting. The number of shareholders using this service has been very low and does not justify the cost. We have therefore taken the decision to scale back the online element of the meeting this year, which will be available remotely via an audio-only webcast.

Shareholders who are unable to attend the meeting in person are welcome to submit questions by email in advance of the meeting to agmquestions@whitbread.com. Any questions should be submitted by 5pm on Monday 17 June 2024. Votes can be submitted in person at the meeting or in advance via a proxy card or the online proxy voting system, but it will not be possible to vote online during the meeting.

Outlook

With expectations of further reductions in inflation and a more benign interest rate environment on the horizon, there are reasons to believe that the macroeconomic outlook may be turning more favourable. Although this would be welcome, we are not relying on this to drive our business forward. We have a clear strategy, a strong balance sheet and a number of strategic and commercial opportunities that underpin our confidence in being able to deliver long-term profitable growth.

Adam Crozier
Chairman
29 April 2024

a step-change in performance

Dominic Paul
Chief Executive

We have delivered an outstanding set of results in 2023/24, led by the strength of our UK hotels business. Our increased levels of profitability, operating cashflow and return on capital reflect the power of our unique operating model. Our freehold-backed balance sheet, together with our strategy of continuing to invest, is allowing us to take advantage of the significant structural growth opportunity that exists following the decline in UK hotel supply, as well as expand our network in Germany.

Against this backdrop, we are increasing our momentum to deliver long-term profitable growth. In addition to our strong commercial programme, we have announced our Accelerating Growth Plan (AGP) to optimise our F&B offer at a number of our sites to unlock up to 3,500 room extensions that will enhance the service for our hotel guests and deliver increased operational efficiencies. In Germany, we are encouraged by our progress to date and the opportunities we now have to both build our brand awareness and refine our trading strategies further. We are on track to break-even on a run-rate basis during calendar year 2024 and with 10,500 rooms now open and a further 6,000 in the pipeline, we are on course to fulfil our ambition of becoming the number one hotel brand in Germany, based on number of open hotel rooms.

Our scale and vertically integrated model mean we have the commercial and operational levers to underpin our long-term profitable growth, strong cashflow and increasing returns on capital. We are on course to deliver a step change in our performance and look forward with confidence.

2023/24 Financial performance

The Group has once again delivered an excellent financial performance. Whilst Premier Inn UK remains the driving force behind our latest results, our growing German business also made encouraging progress throughout the year. Total statutory revenue increased by 13% to £2,960m while adjusted operating profit increased by 24% to £674m, reflecting the inherent operating leverage of our model. We have continued to build on our advantage across all areas of our operations, with a determined focus on growing our revenues, managing our costs and ensuring a high-quality service for our guests. As a result the Group delivered a 36% increase in adjusted profit before tax to £561m (2022/23: £413m). Adjusting items in the year resulted in a charge of £109m, including a non-cash, net impairment charge of £107m, most of which relates to UK branded restaurants held for sale in connection with our AGP, the impairment of seven properties in Germany and £27m of costs relating to the Group's strategic IT programmes. The result was a 21% increase in statutory profit before tax to £452m (2022/23: £375m). A tax charge of £140m led to a statutory profit after tax of £312m (2022/23: £279m).

Our financial strength means we can continue to deliver attractive returns to shareholders, through a combination of dividends as well as share buy-backs. The Board is therefore recommending a 26% increase in the final dividend to 62.9p per share that will be paid to eligible shareholders on 5 July 2024 and further details can be found on page 184.

UK – Extending our market leadership

Our UK business delivered an excellent operational and financial performance. With a favourable supply backdrop and strong demand, total UK accommodation sales increased by 12%, with strong growth across London (+17%) and the Regions (+10%), driven by continued high levels of occupancy and increased average room rates (ARR). We maintained a well-balanced customer mix between business and leisure and whilst leisure demand remained strong during the peak summer months, we did see some softening at short-lead during the fourth quarter, reflecting the normal seasonal pattern. The result was that Premier Inn UK again outperformed the wider midscale and economy (M&E) market and total accommodation sales grew 3.1pp ahead of the market with an increased RevPAR premium of £5.95 in 2023/24 (2022/23: £4.96).

This outperformance was thanks to a number of external and internal factors including: a favourable supply backdrop; our market-leading position; our proprietary trading engine; the quality of our guest experience; our focus on business customers and operational excellence.

Food and beverage (F&B), especially a hot breakfast, is an important part of our hotel offer and helps drive incremental RevPAR. F&B sales were up 7% versus 2022/23, with high levels of occupancy in our UK hotels driving strong breakfast sales that were up 14% year-on-year and a series of commercial initiatives supporting the performance of our branded restaurants.

As expected, with the addition of over 2,000 new hotel rooms and 8% cost inflation, total operating costs increased by 8% versus the prior year. However, the power of our operating model meant that with positive like-for-like sales growth, and £50m of efficiency savings, adjusted pre-tax profits increased by 19% to £588m (2022/23: £492m) and margins increased to 21.2%, 1.6pp ahead of the prior year (2022/23: 19.6%). The strength of this performance meant that we delivered record levels of UK ROCE that increased to 15.5% (2022/23: 12.9%).

Gross impairment of £84m (2022/23: £nil) has been recognised in respect of sites impacted by changes to facilitate our AGP. Included within this amount is £81m where the carrying value exceeds the expected sale proceeds less costs to sell and a further impairment of £4m to reflect the impact of the reduced cashflows as a result of the announcement of the plan. This was offset by the reversal of previous impairments relating to these disposal sites of £7m. In addition, gross impairment charges of £8m (2022/23: £54m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10m (2022/23: £55m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £1m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant.

Germany – On course to become the No. 1 hotel brand

In Germany, we made encouraging progress in 2023/24, building our momentum with further network expansion and improved trading performance. Whilst we did experience a dip in performance during the second quarter, this was short-lived. Our cohort of more established hotels in aggregate performed well during the year and, despite not yet at our long-term target level of return, it is achieving RevPAR ahead of the rest of the German M&E market.

We added 1,464 rooms during the year and now have over 10,500 rooms open with a further 6,000 rooms in our committed pipeline. As our brand is not yet well known and with only a limited trading history since the end of the pandemic, our hotels are not yet at their full potential. However, we continue to be encouraged by our improving performance, led by our cohort of 17 more established hotels[1] which achieved a profit[2] of £9m in 2023/24 (2022/23: profit of £3m). The net result was that Germany as a whole delivered a reduced adjusted loss before tax of £36m (2022/23: loss of £50m) which was in line with our 2023/24 guidance.

Premier Inn Hamburg City Zentrum

In order to reach scale at pace and gain access to a number of key markets, we have invested in freehold and leasehold sites through organic opportunities as well as through acquisitions. Now having a recent period of trading history, we have updated our cashflow assumptions which has resulted in an impairment charge of £32m, relating to seven of our German hotels.

With an encouraging forward booked position and a clear plan in place, we remain on track to reach break-even on a run-rate basis during calendar year 2024 and are making good progress towards our long-term target of generating 10%–14% returns on the £1.1bn of invested and committed capital.

1 Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022.

2 In aggregate, adjusted profit before tax excluding non-site related administration and overhead costs.

Our teams

Our teams are at the heart of our guest experience, and thanks to their continued hard work and dedication we are continuing to deliver the great quality, service and value that our guests expect from us. Operating at high levels of occupancy requires that our team members have to go the extra mile to deliver for our guests and the fact that we have been able to improve our high guest scores over the past year sets us apart from many of our competitors.

We recognise that the changes we are making to our F&B offer will be unsettling for our teams and are committed to working hard to support all of those affected.

Financial strength

Having a strong balance sheet with investment grade metrics remains a key pillar of our capital allocation framework. The cash generated meant that, even after gross capital expenditure of £509m (2022/23: £546m), £591m of share buy-backs and £165m of dividend payments during the year, our balance sheet remained strong and we were pleased to receive an upgrade to our credit rating to BBB (previously BBB-)[3].

3 Fitch Ratings, 17 August 2023.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Clear strategy

Our strategy is focused on driving long-term, sustainable returns for our shareholders whilst working with our stakeholders to ensure we are driving positive change through our Force for Good sustainability programme.

Our vertically integrated model and strong balance sheet underpin the three pillars of our business strategy:

- continuing to grow and innovate in the UK;
- focusing on our strengths to grow in Germany; and
- enhancing our capabilities to support long-term growth.

The following sections highlight our future plans that remain central to our long-term success and will underpin our future financial performance.

1) Continuing to grow and innovate in the UK

We are determined to extend our leadership position as the UK's number one hotel chain, driving strong revenue growth and maximising returns. To achieve these objectives, we have developed a series of strategic and commercial initiatives; some of which are summarised below.

Accelerating Growth Plan (AGP)

Food and beverage (F&B) is a core part of our guest experience. Over half of our hotel guests are served by an unbranded integrated restaurant, which is located inside the hotel and tailored to the needs of our hotel guests. We also have a number of hotels where F&B is provided through a neighbouring branded restaurant, owned by the Group or a third party, that sits next to the hotel and is also open to non-hotel guests.

Whilst our UK hotel performance has gone from strength-to-strength, the performance of some of our branded restaurants has been impacted by a reduction in footfall from non-hotel guests with the result that they have struggled to meet their targeted levels of return. At the same time, a marked reduction in hotel supply and a shortage of development funding has created an opportunity to grow our UK rooms pipeline at a time when many competitors cannot. As 56% of our UK sites are freeholds, we are in a position to commence a significant hotel extensions programme that will grow our rooms pipeline and generate a high return on capital.

We have announced our Accelerating Growth Plan to optimise our F&B offer and unlock 3,500 new room extensions. This will enhance the offer for our hotel guests through the construction of a new integrated restaurant, increase efficiency and at the same time, increase our rooms pipeline. With this plan, together with our existing committed and future pipeline, we expect our total open estate to reach at least 97,000 rooms by the end of 2028/29. The details of our plan are as follows:

1) Over the next 24 months we plan to add 3,500 new rooms to our pipeline through a new extensions programme. This includes transforming 112 branded restaurants into new hotel rooms having first transferred the delivery of F&B for our hotel guests at these sites to a more tailored, integrated restaurant, that will be built inside the neighbouring hotel, mirroring the popular format already available at 387 of our hotels. In 2023/24, these branded restaurants generated revenue of £121m and a PBT loss[1] of £19m.

2) Over the next 24 months we are planning to exit 126 branded restaurants; they will continue to operate as they do now so that they can be sold as going concerns. Of these restaurants, we have agreed to sell 21 for £28m. In 2023/24, these 126 restaurants in aggregate generated revenue of £147m and a PBT loss[1] of £9m. The proceeds from these disposals will be used to help fund our investment in building a more tailored, integrated restaurant at our affected hotels as well as the construction of new hotel rooms across the estate.

The majority of our sites, including our existing 387 integrated restaurants and our remaining portfolio of 196 higher returning branded restaurants, will continue to operate as normal and are not affected in any way.

Our AGP will result in the reduction of around 1,500 roles out of a total workforce of 37,000. While these plans are still subject to consultation, we will seek to find alternative opportunities wherever possible through the roles created by this plan and our existing recruitment process that makes c.15,000 hires each year. We will be providing dedicated support to our teams.

Alongside the above plan, we are also continuing to deploy a series of other commercial initiatives to help drive our UK business during 2024/25 including: improving our trading strategies, broadening our guest choice and experience, continuing to enhance our business proposition, making further improvements in F&B and by investing in operational excellence.

1 In aggregate adjusted profit before tax excluding non-site related administration and overhead costs.

2) Focus on our strengths to grow in Germany

We have a clear objective: to become the number one hotel brand in Germany, replicating our success in the UK and creating significant value for our shareholders. With over 10,500 open rooms and a further 6,000 rooms in our committed pipeline, we are on course to fulfil this ambition. With our new local senior leadership team now in place, we are building strong momentum with several levers that will have a positive impact on our performance:

- continued network expansion;
- refining our commercial strategy;
- tailoring our model for our guests; and
- enhancing our business proposition.

3) Enhancing our capabilities to support long-term growth

By continuing to invest in our supporting infrastructure, we seek to ensure the smooth execution of our plans, both in the UK and Germany. Maintaining a strong balance sheet gives us the confidence to invest and make long-term decisions that will enhance our returns.

Asset-backed balance sheet

Our freehold property estate was last valued at £4.9–£5.8bn in 2018 and it is a key point of difference versus other more 'asset-light' business models. Having access to both freehold and leasehold opportunities means that we maximise our chances of securing the assets and locations we want. We are also able to optimise the size and format of our estate in order to increase returns as evidenced by our AGP.

Upgraded technology

Having now completed the multi-year upgrade to our reservation system and technology stack across over 900 hotels across the UK and Germany, we are continuing to drive further improvements to our digital networks and systems that will improve the quality of service to our guests and drive further efficiency savings.

Lean and agile cost model

As a vertically integrated operator, we are able to exercise considerable control over our cost base. Whilst there are signs that inflationary pressures may be easing, they remain above average and we have therefore launched a new cost efficiency programme to deliver £150m of cost efficiencies over the next three years. This new programme will see us extract more savings on a smaller cost base following the impact of our AGP, and will be delivered throughout the business.

Operating responsibly and sustainably

Being a Force for Good is fundamental to the sustainable and long-term growth of our business. Our programme comprises three core pillars: opportunity, responsibility and community, and responsible business practices are integrated into our operations.

Full details of all aspects are set out on pages 56 to 63.

Capital allocation and share buy-backs

Having now completed £600m of share buy-backs, the Board has reapplied the Group's capital allocation framework. Given the strength of our financial performance, our balance sheet and our confidence in the medium-term outlook, the Board believes that the Group has sufficient headroom to recommend an increased final dividend totalling £115m and intends to conduct an additional £150m share buy-back, to be completed during the first half of 2024/25.

2024/25 guidance and outlook

In the UK, as evidenced by the market data, whilst midweek demand has been robust, the phasing of public holidays impacted weekend demand in certain leisure locations in the first seven weeks. However, the strength of our brand and commercial programme meant that we increased our outperformance versus the market. We are expecting a positive step-up in demand across business and leisure over the next few weeks supported by our strong forward booked revenue position which is ahead of last year.

We expect net UK inflation on our £1.72bn cost base of between 3%–4% in 2024/25, after £40m–£50m of efficiency savings.

In Germany, our current trading has been positive with our hotels outperforming the wider M&E market and we remain on course to break even on a run-rate basis during calendar year 2024.

We expect a £20m–£25m reduction in net finance income versus 2023/24 reflecting lower cash balances and based on the outlook for Bank of England rates.

We plan to add 750–1,250 rooms in the UK and c.400 rooms in Germany as we seek to grow our coverage and scale in both markets.

We expect gross capital expenditure in 2024/25, including our AGP, to be between £550m–£600m partially offset by proceeds from property transactions of £175m–£225m including sale and leasebacks and disposals.

Our AGP plan will require c.£500m of investment over the next four years which will be funded through our existing annual capital expenditure programme.

The changes we have outlined are expected to result in a one-off reduction to UK adjusted PBT in 2024/25 of between £20m–£25m, as we transition the selected sites to the new integrated format. Thereafter, with the removal of these restaurants, the one-off adjusted PBT impact in 2024/25 will be fully recovered in 2025/26 and by 2026/27, as further restaurants are sold and the addition of new high-returning hotel rooms starts to come through, we expect the plan to deliver a net incremental adjusted PBT benefit of between £30m–£40m. As the new extensions mature, we expect further improvement in subsequent years will deliver an uplift to adjusted PBT of between £80m–£90m per annum, driving increased margins and returns.

At this time the Group expects to incur further net impairment charges and write-downs within adjusting items totalling between £80m and £100m over the next three financial years. The Group also expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20m and £25m.

Delivering a step-change in margins and returns

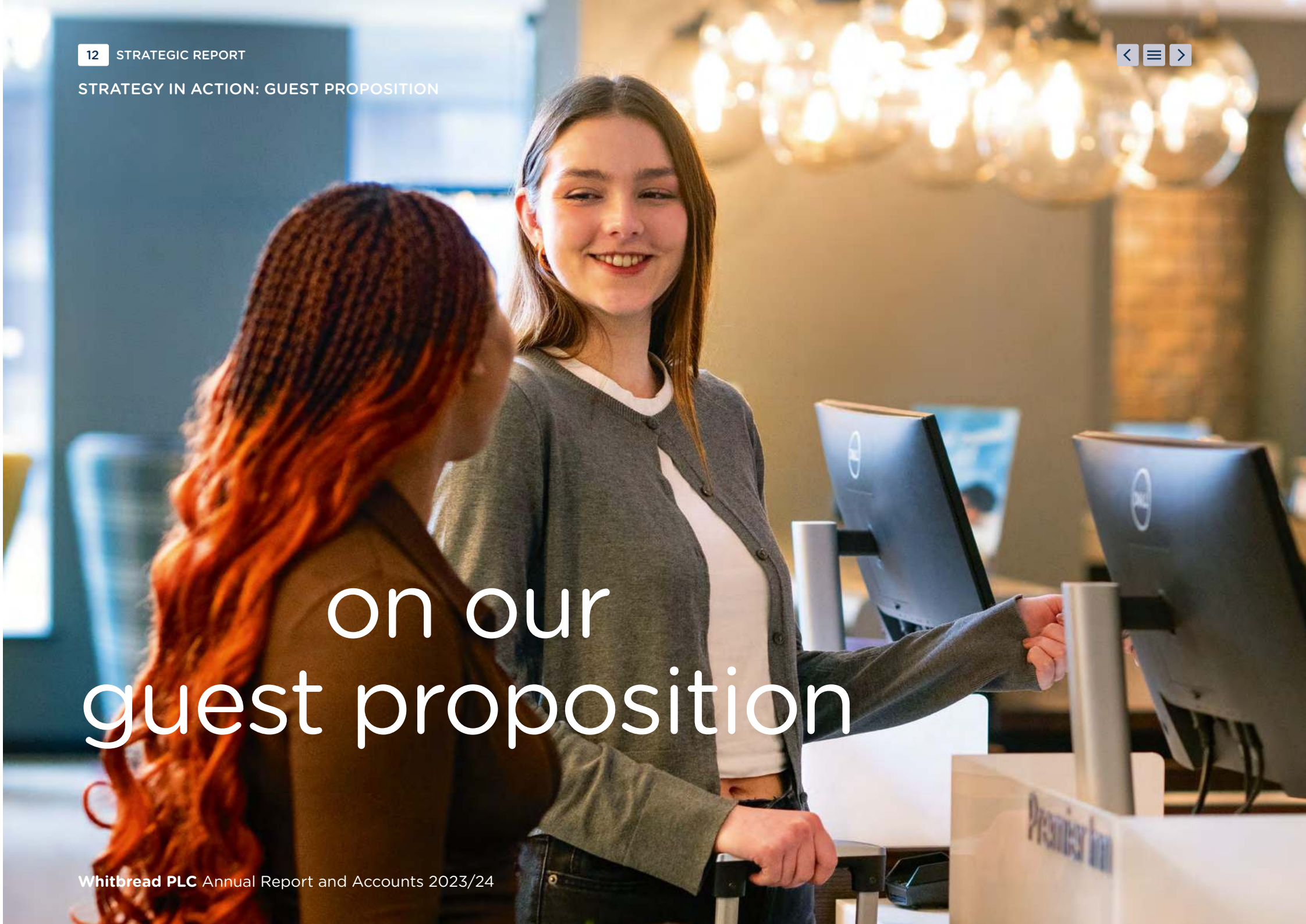
We remain confident about the Group's medium-term prospects. We are the clear market leader in the UK and have a number of strategic and commercial initiatives, that will strengthen our position further. In Germany, we are building a business of real scale and remain on course to become the number one hotel brand achieving our long-term target of 10%–14% return on capital. Together, with our new efficiency programme, these initiatives will deliver a step change in our profitability, margins and returns.

Dominic Paul
Chief Executive
29 April 2024

Capital allocation

Maintain investment-grade metrics	Continue to invest in profitable growth	Clear dividend policy	Capital return
Asset-backed balance sheet and investment-grade status, BBB rating[2]	£550m–£600m gross capex and expected proceeds from property transactions of £175m–£225m	Recommended final dividend of 62.9p, resulting in a payment of £115m	£150m additional buy-back, taking total shareholder cash returns to £1bn since April 2023

2 Fitch Ratings, 17 August 2023.



on our guest proposition

Enhanced standard rooms

We believe that choosing a budget hotel brand shouldn't mean our guests have to compromise on comfort and quality.

Our latest room format (ID5) offers a 'home away from home' experience for our guests at an attractive price. Whilst ensuring a great night's sleep remains our main focus, we have complemented this with modern artwork, a walk-in shower and in-room technology. Following positive customer feedback and higher guest scores, we are now rolling out the new ID5 format in the UK and Germany. The improved design and layout will also help to reduce cleaning time, creating operational efficiencies.

Increase in overall guest scores

+15%pts

Source: Company data

New ground floor format

Our hotels offer more than just a place to sleep and we know how important a great communal space is to our guests, either as a place to work or to relax.

Our all-new integrated ground floor concept, 'The Social', offers an enhanced modern and vibrant environment where guests can check in, choose to order food and drinks throughout the day at one of our new 'hero bars', or relax in a comfortable lounge area. The improved layout also allows our teams to multi-task, improving our operational efficiency and helping to reduce costs. Currently available in four of our UK hotels, we are planning to extend the trial to further sites over the coming year.

Increase in F&B spend per sleeper

+£2.60

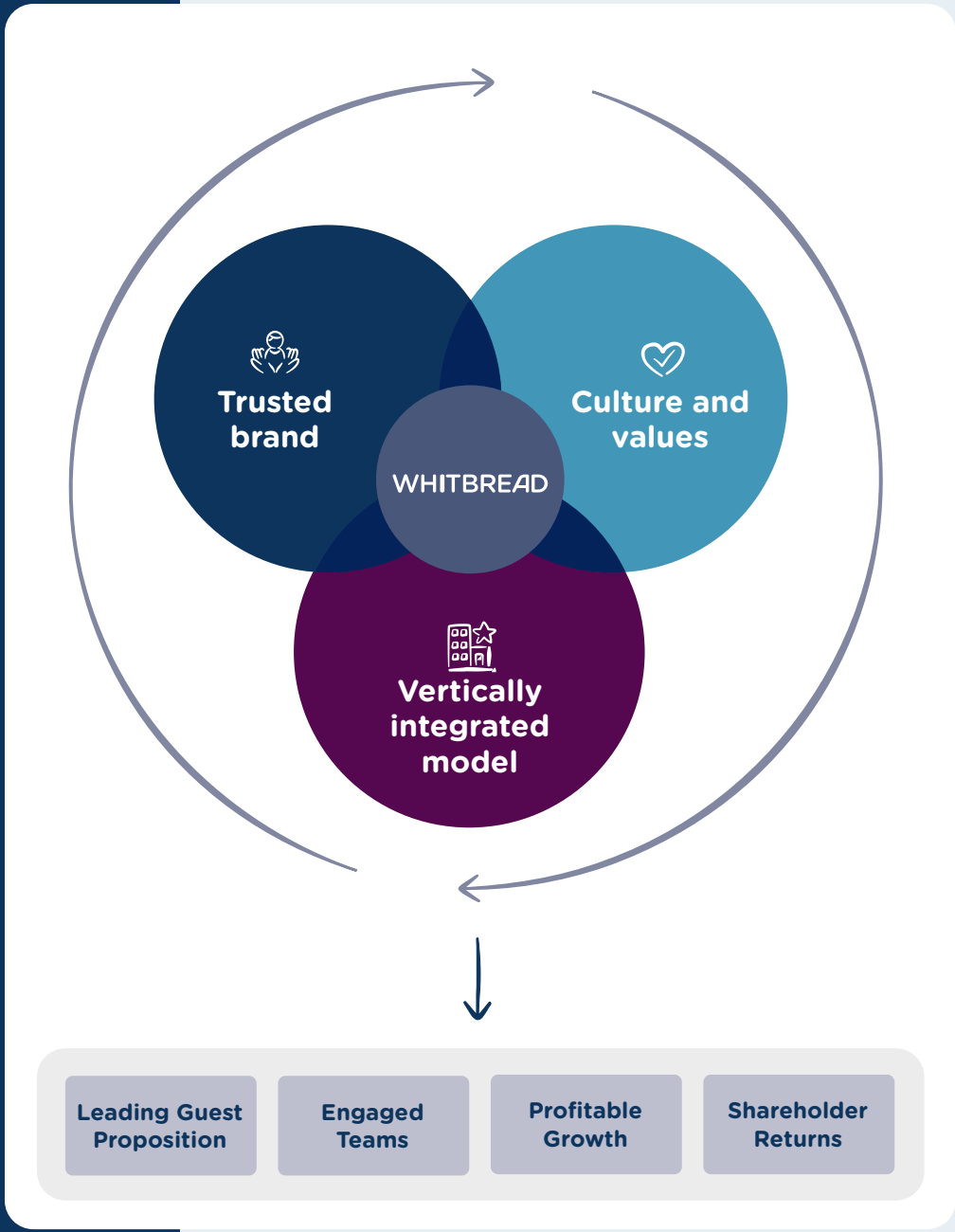
Source: Company data

BUSINESS MODEL

Our approach

Whitbread owns Premier Inn, the UK's leading hotel brand that also has an expanding presence in Germany. Our purpose is to provide our guests with high-quality, affordable hotel rooms whilst ensuring we offer meaningful skills and career development opportunities to our teams.

Our vertically integrated model differentiates us from our peers and means that we have full control over the delivery of our product, driving growth and long-term value for our stakeholders.



More about our model

Trusted brand

Guest focused
We are passionate about delivering for our guests and are continuously evolving our product, ensuring we can continue to meet their needs at an affordable price. Our annual maintenance programme ensures every hotel room meets the high brand standards that our guests expect.

Consistent value and quality
Premier Inn continues to be the UK's leading hotel brand and is delivering high guest scores in Germany. The investment in both our product and our teams, whilst driving material cost efficiencies, allows us to continue to offer a consistent, high-quality and great-value proposition.

National network
With over 850 hotels open in the UK we are well placed to meet the needs of our guests, wherever they might need to stay. In Germany, we now have hotels in most major towns and cities and remain one of the country's fastest-growing hotel chains.

Tailored F&B
F&B is a key pillar of the Premier Inn guest experience, particularly breakfast, increasing occupancy and driving incremental RevPAR. Our F&B formats vary by location to ensure we have the optimal offering to meet our guests' needs.

Vertically integrated model

Flexible property model
Our significant freehold estate and flexible approach to property ownership means we can both secure hotels in the right locations and optimise our network through M&A and extensions, helping us to generate attractive long-term returns.

End-to-end control
By owning and operating all of our hotels, we control all elements of the value chain, ensuring the consistent delivery of a high-quality product. This also means we can invest in developing our proposition to better meet the needs of our guests.

Low-cost distribution
The majority of our bookings are made direct, providing us with complete ownership of the customer relationship and minimising our customer acquisition costs. It also enables our automated trading engine to optimise our pricing strategies to maximise revenue.

Cost efficiency
The breadth and ownership of our operations mean we benefit from significant economies of scale. We have an embedded culture of driving material cost efficiencies, helping to mitigate inflationary pressures whilst delivering attractive operating margins.

Culture and values

Genuine
Really caring about our customers and teams

Confident
Striving to be the best at what we do

Committed
Working hard for each other

Force for Good

Opportunity
Supporting all of our people to reach their potential with no barriers to entry and no limits to ambition
See page 61

Community
Making a meaningful contribution to the customers and communities we serve
See page 62

Responsibility
Always operating in a way that respects people and the planet
See page 63

STRATEGY AND KPIs

How we are building on our advantage

"We made excellent progress against our strategic objectives in 2023/24 across all three pillars of our strategy. We are continuing to move forwards at pace and will execute our plans to deliver long-term growth and attractive levels of return."

Dominic Paul
Chief Executive

Aligning with our strategic priorities

Opportunity
In Germany, we launched our bespoke leadership development programme to foster our in-house talent and prepare junior hotel managers for success

Community
We partnered with Hope and Aid Direct – a humanitarian aid charity – delivering up to 2,000 mattresses in support of those affected by ongoing humanitarian crises

Responsibility
In October 2023, we opened our first all-electric hotel in Swindon, the first of a new generation of Premier Inn hotels that will operate with 100% renewable energy

Find out more about Force for Good on pages 61 to 63

Grow and innovate in the UK

Market share gains
2023/24: Remained ahead of the UK M&E sector, with accommodation sales 3.1pp ahead and a RevPAR premium of £5.95 (2022/23: £4.96)

2024/25: Extend our market-leading position as the UK's number one hotel brand and reach at least 97,000 open rooms by 2028/29

Strong growth in profits and returns
2023/24: Outstanding trading performance, with record levels of profit and returns

2024/25: Execute our Accelerating Growth Plan and deliver cost efficiencies to increase long-term returns

Expand consumer choice
2023/24: Introduced our latest room concept (ID5), as well as new bar formats in our hotels including our latest integrated ground floor (IGF) concept

2024/25: Continue to increase the number of Premier Plus and twin rooms across our estate

Maintain excellent guest scores
2023/24: Retained our 'Best Value Hotel Chain' ranking from YouGov reflecting our focus on quality and value

2024/25: Continued roll-out of our latest standard room format, ID5, with a further 5,000 rooms planned

KPI	Key	FY24 Result	FY24 Target
Revenue growth	●	10.4%	8.5%
New rooms	●	2,253	1,750
Pipeline room additions	●	1,957	1,000

These KPI tables have been designed so as to provide greater transparency for shareholders.

Alignment with remuneration:

● Strategic objective ● Incentivised measure ● Profit measure

Focus on our strengths to grow in Germany

Continue to build a national network

2023/24: 59 open hotels across most major locations, with eight new sites opened during the year

2024/25: Increase our density of coverage in new and existing catchments

Build brand awareness

2023/24: Maintained our brand awareness score of 14%

2024/25: Continue to assess commercial viability of using online travel agents as an additional distribution channel and launch our first online brand campaign

Use our property expertise to maximise returns

2023/24: Opened three freeholds and five leaseholds during the year, with 34 hotels in our committed pipeline

2024/25: Continue to take a flexible approach to property, looking for attractive opportunities to grow our pipeline

Refine our proposition for the German guest

2023/24: Introduced new payment methodologies, flexible pricing and recently appointed local leadership team

2024/25: Continue to roll-out additional payment methods and Premier Plus rooms

KPI	Key	FY24 Result	FY24 Target
Germany adjusted loss before tax	●	£(36)m	£(35)m
New and converted rooms	●	1,923	1,850
Pipeline room additions	●	1,311	575

Enhance our capabilities to support long-term growth

Use our strong balance sheet to fund growth and returns

2023/24: Significant operating cash flow funded our ongoing investment programme and £756m shareholder cash returns

2024/25: Continue to apply our rigorous capital appraisal framework; execute a further £150m share buy-back

Retention and engagement of teams

2023/24: Fully embedded our People plan across all of our teams, with four key areas: find, keep, grow and reward

2024/25: Launch our refreshed values to teams across the business to drive retention and engagement

Improve technology capability

2023/24: Completed the roll-out of our new reservation system to all of our UK and German hotels

2024/25: Utilise our new reservation system to improve the digital guest journey and unlock additional revenue streams

Build on our efficiency programme

2023/24: Delivered £50m of cost efficiencies in 2023/24

2024/25: Begin to deliver our new cost efficiency programme of £150m savings over the next three years

KPI	Key	FY24 Result	FY24 Target
Whitbread adjusted profit before tax	●	£561m	£462m
Everyday efficiency	●	£50m	£40m
Water reduction	●	3.6%	2.6%

Principal risks

Our success in delivering against our strategic objectives is underpinned by our ability to identify, manage and mitigate risk within our business. Our principal risks are:

1. Uncertain economic outlook leads to changeable hotel demand and inflationary cost pressures.
2. Cyber attacks and data breaches resulting in operational disruption and loss of income.
3. Failure to deliver strategic business and technology-led change projects.
4. Inability to execute our strategy in Germany impacting profitability growth.
5. Increased and extended focus on food and beverage proposition.
6. Extended stagnation of the UK property market slowing UK growth.
7. Changes in the macro labour market and organisational structure impacting talent, attraction, and retention.
8. Business interruption within our supply chain and third-party arrangements.
9. Change in brand-led customer demand and threat from disruptors impacting brand strength.
10. Adverse publicity and brand damage due to death or serious injury.
11. Uncertainty associated with the collective environmental, social and governance risks including climate change.

Find out more on pages 66 to 71

Alignment with remuneration:

● Strategic objective ● Incentivised measure ● Profit measure

long-term sustainable success for everyone

"Maintaining and developing positive relations with all the stakeholders who may be impacted by the decisions we make is a critical factor in ensuring long-term sustainable success for our business."

Clare Thomas
General Counsel and Company Secretary

Section 172 statement

Stakeholder engagement is central to the formulation and delivery of our strategy. As the strategy for the Group is developed, the views and interests of various stakeholders are factored into the strategic priorities, including the views of customers, employees, shareholders and suppliers. Equally, the impact of strategy on the communities in which we operate, and on the environment, is considered. That way, the strategy is developed directly with those interests in mind.

The interests of all relevant stakeholders are carefully considered by the Board and the Executive Committee as and when specific decisions are made throughout the year. In its decision-making, the Board considers what is most likely to promote the success of the Company for its stakeholders in the long-term in a sustainable manner.

Our directors understand the importance of their section 172 duty to act in good faith to promote the success of the Company.

As part of the monthly KPI pack, the Board considers data relating to customer feedback and team retention, as well as data on shareholders and themes from investor relations meetings.

The Chief Financial Officer's report includes details on recent engagement with shareholders and pension trustees discussions and qualitative feedback on specific concerns.

The Chief People Officer's report provides details of all relevant employee-related matters, including recruitment, retention, diversity and inclusion, listening, wellbeing, training and reward.

The General Counsel's report contains an update on key developments on the Force for Good agenda, including work in the community, charitable fundraising, the environment, plastics and food waste. It also includes best-practice guidance on governance.

The Chief Executive's report gives details of any relevant interaction with Government or regulators, and key issues with suppliers and landlords.

Board debate on possible mergers and acquisitions includes wider impact assessments, considering issues such as integration with the current business, management capabilities, the impact on team members and our supply chain.

The Board also takes into consideration the long-term consequences for both the Company and its stakeholders when making these decisions, making sure the Company conducts its business in a fair way, protecting its reputation and external relationships.

Insightful and well-considered strategic decision making

Board information

- Forward agendas available for the Board to plan ahead of time which matters are coming up throughout the year.
- Detailed Board papers are circulated a week in advance of the meeting giving directors time to consider.
- Annual Board Strategy Day to lay down the key strategic priorities for the year.

Resources available

- The Board is supported by the Company Secretary who is present at every Board meeting. The Board also has access to the advice of the Company Secretary on governance matters all year round.
- The Board also has access to external advisers should it need their advice on specific matters.

Board decisions

- The Board culture fosters open discussion and constructive challenge from the non-executive directors.
- The Board benefits from the diverse skills, knowledge and experience of directors when making key strategic decisions and performing its duties under section 172.

Review

- The composition of the Board is constantly monitored to ensure the right balance of skills and experience is maintained.
- The performance of the Board is evaluated through annual Board evaluations carried out in line with the UK Corporate Governance Code 2018.
- Decisions and outcomes are reviewed to ensure intended outcomes are achieved.

STAKEHOLDER ENGAGEMENT CONTINUED

Employees

Our people are the key to our success. A talented, engaged and diverse workforce is critical to support our growth ambitions in the UK and Germany.

What matters to employees

- A healthy and safe working environment.
- Industry-leading training and development.
- Career development opportunities.
- Market-leading reward and incentive structures.
- Focus on team member wellbeing.
- A diverse and inclusive culture in which everyone is welcome and can be themselves.
- Open, honest and transparent management processes.

Board considerations

- Over the year the Board has focused discussions on team member pay, taking into consideration the current cost of living and the impact on our entry level workers in particular.
- The Board reviews monthly KPI data regarding team retention.
- The Chief Executive, in his report, outlines and makes proposals in relation to team retention and reward strategies.
- 'Our Voice', a body made up of elected representatives across the business, represents the views of employee constituencies to senior management. The Board receives reports of these meetings.
- The Board reviews the Speaking Out process to ensure we have the right platform for employees to raise concerns.
- The Board has set eight diversity and inclusion commitments to ensure that the Group is representative of the communities in which we operate. Good progress has been made in relation to these targets. Read more on page 49.
- Diversity and inclusion is considered as part of all Board appointments. This is guided by the Board Diversity Policy, which was updated in March 2024 and the Gender and Ethnicity Pay Gap Report 2023. More detail on this can be found on our website, www.whitbread.co.uk.
- The Board reviewed diversity and inclusion as part of the succession planning and people strategy. This also included focus on creating a diverse pipeline at the senior management level. The Board discussed the various diversity and inclusion networks: GLOW, RRCH, eNable and GEN.
- In the monthly Chief People Officer's report the Board receives detail on all areas of the people strategy.
- The Board receives reports on health and safety management bi-annually; statistics are included in the monthly KPI pack and any serious incidents are reported immediately to the Board.

Outcomes of engagement

- **Over £40m in pay awards across our hourly and salaried teams in the UK and Germany, an investment of over £2m in recognition and trading incentives for our teams in the UK, and the award of over £46m in annual incentive scheme payments.**
- **Material reduction of 5pp in team turnover rates in the UK and high engagement scores from our employees across both UK and Germany.**
- **Achievement of our 2023 diversity target for 8% ethnic representation in our leadership community; longer-term improvement in our female representation in leadership to currently stand at 39.8%.**

Customers

Customers are at the heart of our business and Board decisions are driven by a desire to provide our guests with a consistent, high-quality experience at a great price to ensure they keep coming back.

What matters to customers

- Consistent, high-quality hotels to stay in with a quality food and beverage offering, for a great price.
- Brilliant service from our teams.
- Excellent standards in our hotels and restaurants, which are clean, safe and welcoming.
- Healthy and responsibly sourced menu choices including vegan and fish items on the menu.

Board considerations

- The Board receives data on customer satisfaction scores.
- The Board receives a monthly report on commercial, pricing and operational performance.
- Quarterly deep dives are provided into pricing and commercial strategies in the UK and Germany.
- The Board approves the refurbishment schedule and repairs and maintenance programmes. The Board also reviews a programme of investment through the cycle, to ensure the portfolio retains the high quality our guests expect.
- The Board considers room innovations periodically, e.g. Premier Plus rooms, twin rooms.
- The Board considers marketing campaigns and digital strategies.
- The Remuneration Committee includes customer measures in the remuneration structures for key team members.

Outcomes of engagement

- **Improved customer satisfaction scores, read more on page 125.**
- **Market outperformance and YouGov scores demonstrate the quality and value of the brand proposition and its popularity.**

Investors

The Investor Relations team conducts a broad programme of investor engagement, focused on a range of topics including the Group's financial and operating performance, business strategy and governance as well as our Force For Good sustainability programme.

What matters to investors

- Clear and well-communicated strategy.
- Financial performance, particularly by reference to the competitor set.
- Capital allocation.
- A proactive programme of engagement on key topics.
- Leadership, governance and remuneration.
- A progressive ESG programme.
- Identification and management of key risks.

Board considerations

- The Board receives monthly data on changes to the share register and updates on engagement with shareholders, other investors and market expectations.
- The Chairman and General Counsel consulted with a number of shareholders in October and November; key themes included strategy, performance and ESG.
- The Chief Executive, Chief Financial Officer and the Investor Relations team have held numerous meetings with shareholders, prospective investors, banks and bondholders throughout the year.
- The Board receives a presentation at least once every year from its brokers on the current views of investors and on issues which need to be addressed.
- The Board considers very carefully the Company share price, and whether the Company is fairly valued, as well as the matters which could be addressed to generate incremental value.

Outcomes of engagement

- **Through our Investor Relations programme, we met with over 500 investors over the course of the year both in the UK and internationally, whilst engaging regularly with the sell-side.**
- **Further enhancements in ESG reporting, for example increasing disclosure regarding the Group's employee wellbeing strategy.**

STAKEHOLDER ENGAGEMENT CONTINUED

Suppliers

The Board values its relationships with suppliers and fosters these carefully to support the long-term sustainable success of the Company.

What matters to suppliers

- Payment on time and in full.
- Good communication: strong and consistent levels of demand and transparent feedback on performance.
- Tackling modern slavery.
- A plan to reduce carbon through the supply chain.

Board considerations

- The Board has discussed inflation in the supply chain as part of the Chief Financial Officer's report.
- The Board considers and approves a Modern Slavery Act Statement each year.
- The Board approves material contracts with suppliers. This year, the Board has reviewed and approved contracts with Oracle, laundry providers and energy suppliers.
- The Board has discussed tackling modern slavery and ensuring human rights are respected throughout our business and supply chain.
- The Board has received presentations regarding our sustainability programme, Force for Good, which includes responsible sourcing.

Outcomes of engagement

- **Increased levels of engagement with the supply chain to ensure continuity of supply.**
- **Agreed measures to ensure suppliers are paid on time.**
- **Training and development for certain suppliers regarding modern slavery and ethical sourcing.**

Communities and the environment

Whitbread is committed to doing right by the communities in which we operate and the environment. This is embedded in our Force for Good programme spearheaded by Clare Thomas, Company Secretary, and brought to life in our ambitious sustainability targets.

What matters to communities and the environment

- A robust health and safety programme for team members and guests.
- An ambitious environmental programme which includes a Scope 1 and 2 net zero carbon target by 2040, Scope 3 carbon targets in line with 1.5 degrees of global warming, and targets to eliminate waste, particularly food waste, and reduce water.
- Ensuring that our critical commodities are sourced sustainably and responsibly.
- Supporting local communities with economic opportunities and raising funds for our chosen charities, national and local.

Board considerations

- The Board has received presentations regarding our sustainability programme, Force for Good.
- The Board receives regular updates on key developments in the Force for Good programme and provides comment and view on material issues.

Outcomes of engagement

- **£2.4m has now been raised for Great Ormond Street Hospital Children's Charity.**
- **Scope 1 and 2 carbon emission intensity has reduced by 54.9% since our base year of 2016/17.**
- **Since setting a new water reduction target at the end of 2022/23 we have reduced our water consumption by 10.1% per sleeper since our base year of 2019/20.**
- **The Board approved the delivery of over 259,000 meals to charities, such as FareShare, which delivers food which would otherwise be wasted, to food banks.**

Lenders

The Board has identified our key lenders as our syndicate of banks that participate within our revolving credit facility, and our bondholders, who hold our 2015 and 2021 issued bonds.

What matters to lenders

- Our current performance and financing strategy.
- The nature and quantum of debt and level of liquidity of the Group.
- Our ability to service the debt interest payments and repayment at maturity.
- Our credit rating and commitment to investment-grade metrics.
- Our covenant and compliance certification.
- The Green Bond framework.

Board considerations

- Once a year the Chief Executive and Chief Financial Officer meet the key lenders within the revolving credit facility to discuss the annual results and business performance.
- The Group holds a fixed income call with our bondholders after the annual results presentation.
- The Group Financial Controller is in regular contact with our banks' relationship teams, discussing operational and strategic financing requirements, and our Treasury team engages to manage the Group's operational requirements.
- We continue to monitor and discuss with the banks their strategy and ability to lend to the Group in the future and any changes that may impact this.

Outcomes of engagement

- **Debt capital structure that is optimum for the Group.**
- **A base of lenders that can support the Group's financing and operational needs.**
- **Robust relationships with lenders that are continually monitored, and facilitate refinancing and access to sources of finance when needed.**
- **The support and access to product offerings that the lenders provide.**

Pension trustee

Whitbread is committed to maintaining its positive and constructive relationship with the pension scheme trustee and to ensuring security of members' benefits in the pension scheme.

What matters to pension trustee

- Pension scheme funding and investment strategy, supported by a strong Whitbread covenant, that ensures the long-term security of members' defined benefits.
- Value for money defined contribution arrangements and engaging communications that support members in saving for retirement.

Board considerations

- The Chief Financial Officer attends a trustee meeting annually to present, and answer questions on, the Company's annual results and its ability to meet its obligations to the pension scheme.
- A Company representative attends the trustee's benefits sub-Committee and the funding & investment sub-Committee meetings. Attendance at the latter enables an understanding of any investment changes that are planned and can provide a Company view where appropriate.
- Each quarter, the UK Finance Director meets with the funding & investment sub-Committee to give an update on Company performance and answer any questions.
- The Board receives presentations in relation to pension issues, including regarding the funding position, triennial valuation and investment performance.
- During the year, the Company and trustee have been discussing the 31 March 2023 funding valuation. The assumptions have not yet been finalised, however, it is anticipated they will be agreed in the early part of the 2024/25 financial year.

Outcomes of engagement

- **Strong and open relationship with the pension scheme trustee.**
- **Well-funded pension scheme and security of defined benefits.**

STRATEGY IN ACTION: ESTATE GROWTH AND OPTIMISATION

and optimising our estate

Ireland expansion

In January 2024, we opened the doors to Cork City Centre Premier Inn, our sixth hotel in Ireland and our first hotel outside Dublin.

Working with local communities is vital when building new hotels, and being located in a heritage location on Morrison's Quay, the 187-room hotel has been sensitively designed and employs 40 team members from in and around the local area.

The opening of Cork City Centre means that we now have 1,000 rooms open across Ireland and are making good progress towards our network potential in the country.

UK and Ireland room openings in 2024/25

750–1,250

Premier Plus

Following a successful trial of Premier Plus rooms in our flagship hotel in Berlin Alexanderplatz, we are extending the trial to a further eight hotels across our German estate.

Our Premier Plus rooms offer additional amenities, an upgraded desk and an even faster Wi-Fi connection for a modest price premium to our standard room format. By offering Premier Plus rooms we are offering our guests even more choice.

The 5,000 Premier Plus rooms that we now have across the UK and Germany are popular with both business and leisure guests and achieve higher levels of RevPAR than a standard room in the same hotel.

Premier Plus rooms in UK and Germany

5,000+

UK MARKET DRIVERS

Grow and innovate in the UK

The UK is our largest market and our strategy is to protect and strengthen our position as the UK's leading branded budget hotel chain, driving revenues and maximising returns through a number of key initiatives.

Market overview

68m
population

162m
room nights booked in the UK market

686,000
total market hotel rooms

12%
Premier Inn market share of UK rooms

2028
Supply not back to 2019 levels until at least 2028

>10%
Independent decline since 2019

UK market[1]

The UK is a large and mature hotel market with close to 162 million rooms booked each year and a total room supply of approximately 686,000 rooms.

The market has continued to evolve following the pandemic. Given the strength of our brand and operating model, coupled with a favourable supply backdrop, we are confident in our ability to continue to grow market share. We see a compelling opportunity to invest in new capacity and drive long-term sustainable returns for our shareholders.

Highly fragmented market with continued independent decline

Following the pandemic, we believe that total UK hotel supply contracted by approximately 4% between 2019 and 2022, led by a decline in the independent sector that reduced by over 10%. The decline of the independent sector accelerated as customers migrated from independent to branded budget hotels. Premier Inn has grown significantly over the past decade, supported by a major investment in new rooms, increasing its market share of rooms from 6% in 2010 to 12% in 2022.

Premier Inn Porthmadog

Structural advantages of the budget hotel market

The UK branded budget hotel sector is a highly attractive market, with large volumes of domestic short-stay travel for both business and leisure. While the sector, including Premier Inn, has continued to grow, the supply of branded budget hotel rooms is now growing at a slower rate than prior to the pandemic. This is due to a material slowdown in construction and higher interest rates that have reduced developer-led opportunities. We estimate that Premier Inn accounted for over half of branded budget room growth over the past few years and with our strong balance sheet and significant property expertise, we are confident that we can continue to grow our pipeline at a time when many others cannot.

1 Company data 2022.

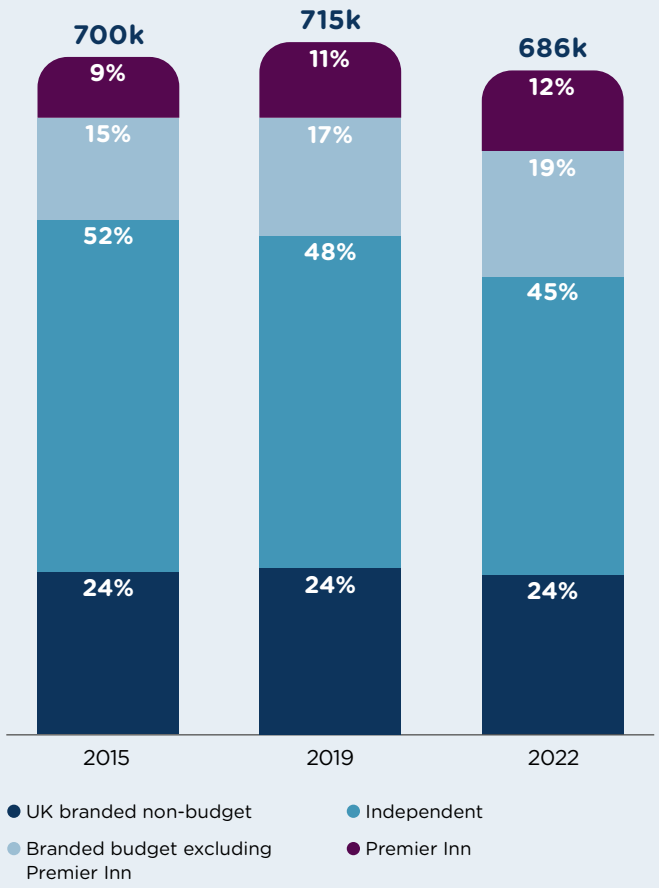
Proven resilience during periods of macro uncertainty

Historic hotel room demand is strongly correlated with economic growth and RevPAR typically grows in line with GDP. Whilst current macroeconomic forecasts predict relatively low GDP growth in 2024/25, this needs to be viewed in the context of a marked decline in total hotel supply. The branded budget hotel sector has a proven resilience during consumer and economic downturns, as guests tend to trade down to lower-cost alternatives.

Outlook for UK hotel supply

Based on our detailed proprietary analysis, we believe the independent sector is likely to continue to contract as a result of sustained high inflationary pressures and an uncertain macroeconomic environment. We believe therefore that it is unlikely that the total market will return to 2019 levels of supply until at least 2028, creating further opportunities for Premier Inn. Thereafter, we expect total supply to grow broadly in line with previous trends and we remain confident that we can continue to take market share from smaller and less well-capitalised competitors.

Total hotel supply rooms



Premier Inn London Hampstead

UK STRATEGY

Building on our advantage in the UK

Expand and optimise our estate

We remain confident in reaching our long-term target of 125,000 rooms as we continue to benefit from the favourable supply backdrop in the UK and Ireland. By 2028/29, our UK estate will increase to at least 97,000 rooms, including 3,500 extensions. We have significant growth opportunity, having identified a number of catchments where we do not currently have a presence or where we can add more rooms without cannibalising our existing estate. The pace and extent of expansion will be driven by the levels of potential financial return, drawing upon our suite of development options, including new builds, conversions, extensions and single-site acquisitions.

Tailored F&B offering

Food and beverage is a vital part of our customer proposition; a hot breakfast is particularly important to our hotel guests and contributes to increased levels of occupancy and incremental RevPAR. We have introduced new bar formats into our hotels, with our integrated ground floor concept proving popular with guests resulting in higher guest scores and increased F&B sales. Through our Accelerating Growth Plan, we will further enhance the experience for our guests as we move to a more tailored offering at some of our hotels that were previously served by a branded restaurant. We remain focused on continuing to improve our F&B performance, rolling out various commercial initiatives to improve our guest experience.

Maximise revenue

Our proprietary automated trading engine is a significant source of competitive advantage and helps us to maximise revenue through our commercial and digital marketing levers. As we accumulate more trading data and assimilate our learnings, we are improving our trading techniques, capabilities and pricing. In 2023/24, we further enhanced our demand-based event triggers, enabling us to quickly respond to spikes in demand and maximise revenue. Continuing to build on these trading improvements will create opportunities to increase revenues as well as lower customer acquisition costs.

Further enhance our business proposition

Business customers tend to drive higher RevPAR and travel more frequently than leisure guests. Our business programmes, Business Booker and Business Account, have grown substantially over the past few years and we plan to integrate both programmes into a single offering named 'InnBusiness' for the benefit of users which will in turn drive further revenue growth. We have strong relationships with a number of Travel Management Companies (TMCs) and remain focused on driving incremental booking volumes and revenues.

Premier Inn Swindon Town Centre

No.1
YouGov 'Best Value Hotel Chain' ranking[1]

3,000+
ID5 rooms already open across our UK & Ireland estate

20%
Accommodation sales via Business Booker and TMCs

125,000
Long-term room potential in the UK and Ireland

1 YouGov BrandIndex Quality & Value scores as at 29 February 2024.

"Our relentless focus on delivering operational excellence is pivotal to our success. The roll-out of our new ID5 standard room format, together with our 'Bed of the Future' initiative and new integrated ground floor concept, has resulted in an even better proposition for our guests whilst delivering increased efficiencies."

Simon Ewins
Managing Director, UK Hotels & Restaurants

Highly effective marketing

We have adopted an 'always-on' approach to our 'Rest Easy' brand marketing campaign for Premier Inn which has further strengthened our brand positioning and increased website visits; our latest campaign will launch later in 2024. Our campaigns are a powerful tool: keeping us front-of-mind with consumers, driving bookings, reducing customer acquisition costs and strengthening our leading brand awareness scores.

Operational focus

Ownership of the customer experience ensures that through our motivated teams, we are delivering a consistent, high-quality product and service at an attractive price. Our significant refurbishment plan, alongside our repair and maintenance programme ensures the consistency of our offer, something that is valued highly by our guests. Operational focus is vital to our success, with process and product improvements driving cost efficiencies and enhancing the guest experience.

Broadening guest choice

The latest iteration of our standard Premier Inn room (ID5) is achieving higher guest scores than previous versions, driving operational efficiencies, and has now been rolled out to over 3,000 rooms across our estate. We have also continued with our 'Bed of the Future' replacement programme, replacing over 60,000 beds, in partnership with our new supplier, Silentnight. By adding more twin and Premier Plus rooms to our estate, we are broadening our appeal and attracting a premium to our standard room rate. We are also providing more flexibility to our guests, with early check-in and late check-out available at all of our hotels, as well as a variety of rate classes. As we look forward, we believe that each of these additions will help us to maintain our high-quality customer proposition and stay ahead of the wider market.

UK unprompted brand awareness[2]

95%

Premier Inn Cardiff North

Premier Inn London Hampstead

2 YouGov Brand Awareness: 3 March 2023 to 29 February 2024.

UK PERFORMANCE

Premier Inn UK

£m	FY24	FY23	vs FY23
Statutory revenue	**2,770**	**2,508**	***10%***
Other income (excluding rental income)	—	5	*(100)%*
Operating costs before depreciation, amortisation and rent	(1,722)	(1,595)	*(8)%*
Adjusted EBITDAR†	**1,048**	**918**	***14%***
Net turnover rent and rental income	—	1	*(100)%*
Depreciation: Right-of-use asset	(144)	(134)	*(8)%*
Depreciation and amortisation: Other	(183)	(169)	*(8)%*
Adjusted operating profit†	**722**	**617**	***17%***
Interest: Lease liability	(134)	(125)	*(7)%*
Adjusted profit before tax†	**588**	**492**	***19%***
PBT margins†	**21.2%**	**19.6%**	***160bps***
ROCE†	**15.5%**	**12.9%**	***260bps***

Premier Inn UK[1] KPIs

£m	FY24	FY23	vs FY23
Number of hotels	853	847	*1%*
Number of rooms	85,443	83,576	*2%*
Committed pipeline (rooms)	6,795	7,425	*(8)%*
Occupancy	82.2%	82.7%	*(50)bps*
Average room rate†	£79.76	£71.84	*11%*
Revenue per available room†	£65.56	£59.45	*10%*
Sales growth[2]:			
Accommodation	12%		
Food and beverage	7%		
Total	**10%**		
Like-for-like sales† growth[2]:			
Accommodation	10%		
Food and beverage	7%		
Total	**9%**		

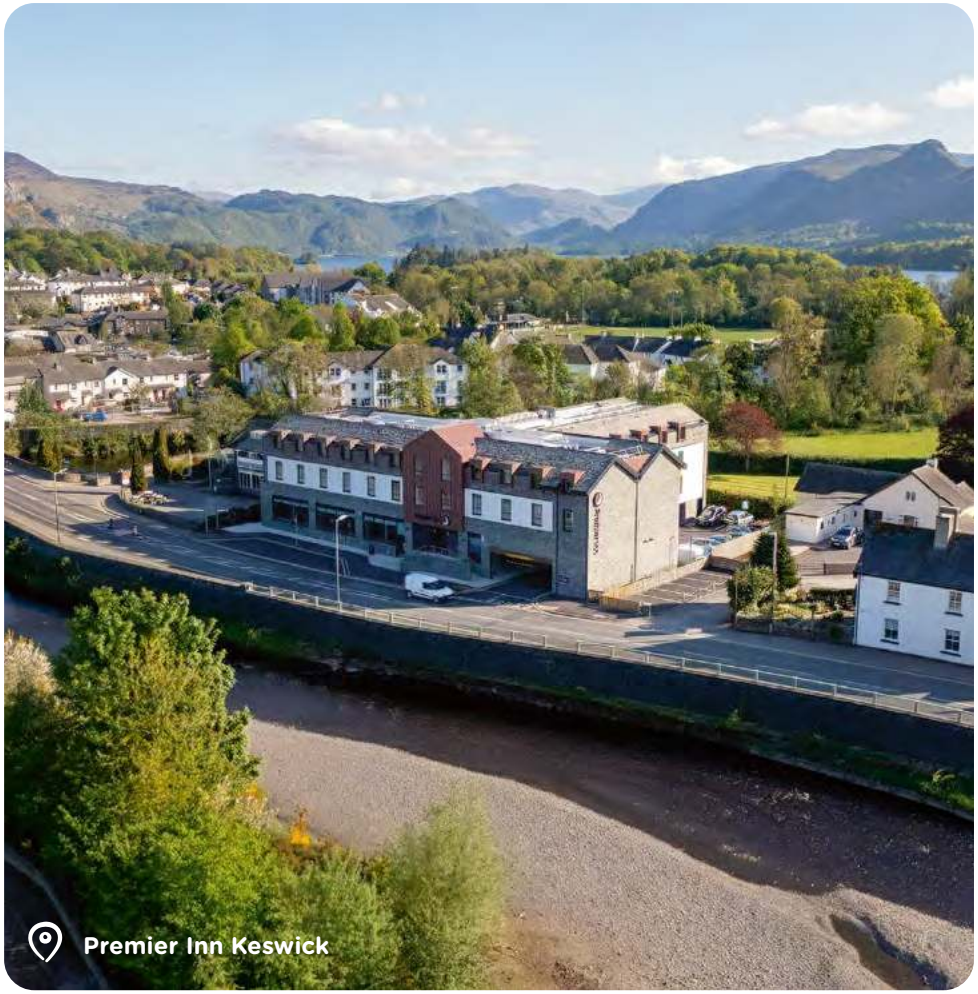
1 Includes one site in each of: Guernsey and the Isle of Man, two sites in Jersey and six sites in Ireland.

2 Total and like-for-like versus 2022/23.

hub by Premier Inn London Marylebone

Premier Inn UK's total statutory revenue was 10% ahead of 2022/23, led by the performance of our UK hotels that delivered another outstanding performance. Total accommodation sales were up 12%; occupancy remained high at 82.2% and ARR increased by 11% to £79.76, which resulted in RevPAR up 10% to £65.56. This performance was underpinned by the favourable supply environment in the UK hotel market and our strong commercial plan.

Premier Inn continued to outperform the wider M&E market; total accommodation sales grew 3.1pp ahead of the market with a RevPAR premium of £5.95 (2022/23: £4.96), demonstrating the strengths of our scale, brand, direct distribution, proprietary automated trading engine and vertically integrated operating model.


Premier Inn Keswick

UK performance vs M&E market

£m	FY24	H1 FY24	H2 FY24
PI accommodation sales performance (vs FY23)[3]	+3.1pp	+2.3pp	+3.8pp
PI occupancy performance (vs FY23)[3]	(0.9)pp	(1.0)pp	(0.9)pp
PI ARR performance (vs FY23)[3]	2.1pp	1.7pp	2.5pp
PI RevPAR performance (absolute)[3]	+£5.95	+£6.69	+£5.25
PI market share[4]	8.6%	8.8%	8.5%
PI market share gains pp (vs FY23)[4]	0.1pp	0.1pp	0.2pp

3 STR data, standard basis, Premier Inn accommodation revenue, occupancy, ARR and RevPAR, 3 March 2023 to 29 February 2024, M&E market excludes Premier Inn.

4 STR data, revenue share of total UK market, 3 March 2023 to 29 February 2024.

Total F&B sales were 7% ahead of 2022/23 as a result of high levels of hotel occupancy, driving increased breakfast sales. A number of commercial initiatives including menu optimisation and promotions helped to support the performance of some of our branded restaurants that have seen a reduction in footfall from non-hotel guests over the past few years.

In line with our previous guidance, operating costs of £1,722m were up 8% (2022/23: £1,595m), reflecting cost inflation across a number of cost lines and estate growth, partially offset by savings from our ongoing cost efficiency programme. Adjusted EBITDAR grew by £130m and was above £1bn for the first time with margins at 38% (2022/23: 37%). Right-of-use asset depreciation was £144m and lease liability interest was £134m reflecting the continued growth in our estate. We opened eleven new hotels during the year, totalling 2,253 rooms and we also closed 386 rooms; at the end of the year, the total estate stood at 853 hotels with 85,443 rooms open.

Adjusted profit before tax in the UK increased by 19% to £588m (2022/23: £492m), driven by the strength of our UK hotel performance and the high operating leverage inherent within our business model. As a result, UK adjusted pre-tax profit margins increased to 21.2%, 160bps ahead of 2022/23.

GERMAN MARKET DRIVERS

Focus on our strengths to grow in Germany

Germany is a large and exciting market for the Group. Our strategy is clear – to replicate the success of our UK model and become the number one hotel brand in the market.

Market overview

83m
population

966,000
total market hotel rooms

234m
room nights booked in the German market

40%
larger than the UK hotel market

67%
of the German market held by independents

5pp
decline in supply since 2019

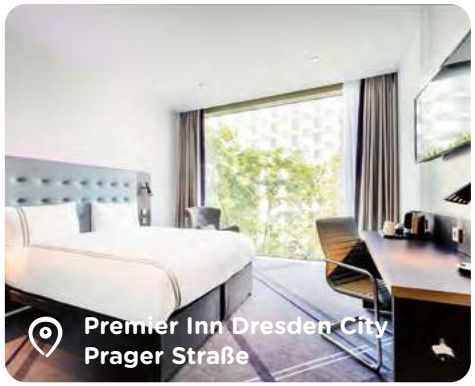
German market[1]

We believe the opportunity to create substantial value in Germany is significant. The German hotel market today is very similar to where the UK was 15 to 20 years ago, with significant volumes of business and leisure travel. It is also highly fragmented, with a large independent hotel sector and a relatively small branded budget hotel segment.

Market structure

The market is 40% larger than the UK in terms of room nights. Having reopened successfully in 2022 following the pandemic, led by strong levels of both business and leisure demand, the M&E market is broadly back to pre-pandemic levels. With a large independent sector, the market is more fragmented than the UK. Based upon our market analysis, we believe that the share held by independent hotels has fallen to approximately 67% of the total in 2022, having declined by approximately 5pp since 2019. This has been partially offset by growth in the branded budget sector, particularly Premier Inn.

1 Company data 2022.


Premier Inn Dresden City Prager Straße

Regional dispersion drives short-stay domestic travel

As well as being much larger than the UK, Germany is more regionally dispersed, with a federalised political and industrial structure. This greater geographic spread, together with a larger population, drives high demand for short-stay domestic travel. Germany has large domestic leisure and business travel markets with a number of sizeable trade fairs and conferences which continue to drive volumes and attract millions of visitors each year.

Structural advantage for owner-operators

The branded budget sector has grown over the past few years, driven by owner-operators such as Premier Inn, that are better placed to acquire, lease, convert or build new hotels and so have been able to expand at a faster rate than the rest of the market. Asset-light operators have struggled to add capacity in the budget sector in recent years, perhaps due to the structure of the German property market, that has fewer property financing structures such as Real Estate Investment Trusts.

No clear leader in the budget sector

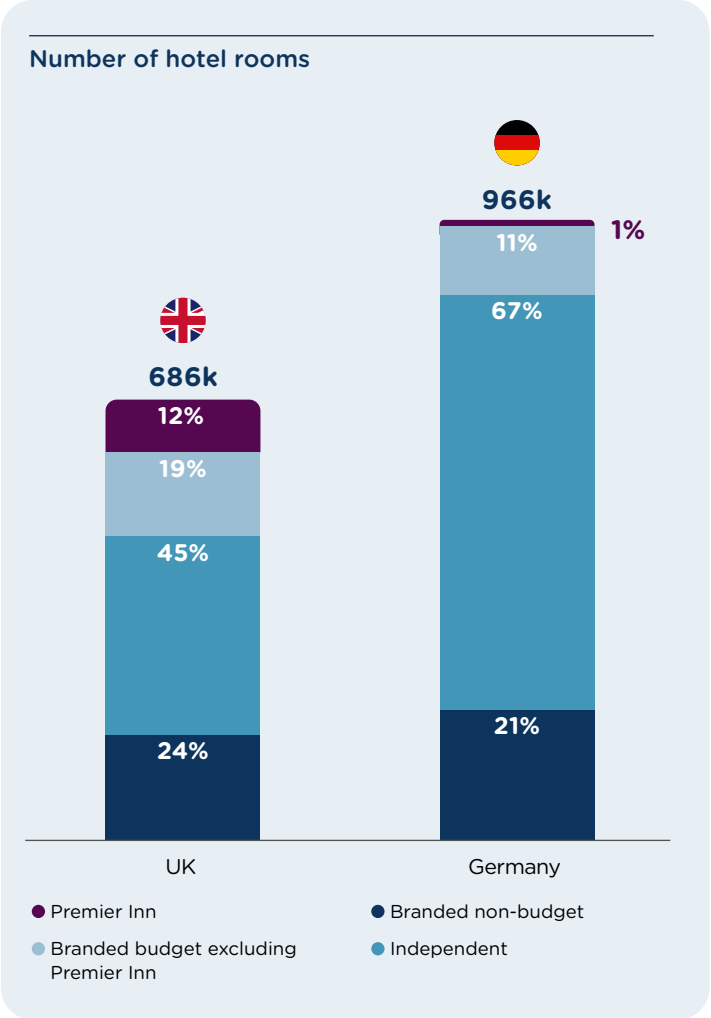
Unlike in the UK, where Premier Inn has a 12% market share, there is no clear market leader in Germany and no brand commands more than a 2% share of the market. However, the branded budget sector has continued to grow and now occupies 12% of the German hotel market. This is led by owner-operators such as Premier Inn and we have opened over 9,000 rooms since February 2020, growing at almost twice the rate of the next fastest-growing brand.

Attractive RevPAR outlook

M&E market RevPAR in Germany is broadly similar to that achieved in the UK, albeit there can be some intra-period volatility depending upon the phasing of business and leisure events. Prior to the pandemic, branded budget RevPAR in Germany grew at a compound annual growth rate of 2.3% between 2015 and 2019 compared with 1.3% in the UK. M&E RevPAR in Germany has now recovered to above pre-pandemic levels.

Further opportunities

The rise in interest rates and construction costs over the last two years has led to a reduction in hotel pipelines. We have, however, started to see more opportunities to both acquire individual assets and complete bolt-on M&A transactions at good long-term returns. We can also use our balance sheet to augment our pipeline growth at a time when others are struggling to get funding. These market dynamics present Premier Inn with a significant opportunity to continue to grow ahead of the competition.



Premier Inn Manheim City Centre

GERMAN STRATEGY

Creating our advantage in Germany

Continue network expansion

With over 10,500 open rooms and a further 6,000 in our pipeline, we are building a business of national scale. Our local acquisitions team in Germany is active in the property market, securing sites in the locations identified by our network plan. Now that we have a presence in most major towns and cities, our focus for the upcoming year is to continue to expand and develop our network, both organically and through bolt-on acquisitions, taking us closer towards our target of becoming the country's number one hotel brand.

Refine our commercial strategy

Having entered the pandemic with six hotels, we now have 59 open and trading. Drawing upon the strengths of our UK commercial teams, we are applying the learnings from trading many of these hotels for the first time and are continuing to adapt our trading engine, particularly around events that are a key feature of the German market. As we look to increase our brand awareness, we are trialling the use of OTAs to understand whether they can drive incremental revenue and profit. We are also finalising plans for our first online brand campaign in Germany.

Further enhance our business proposition

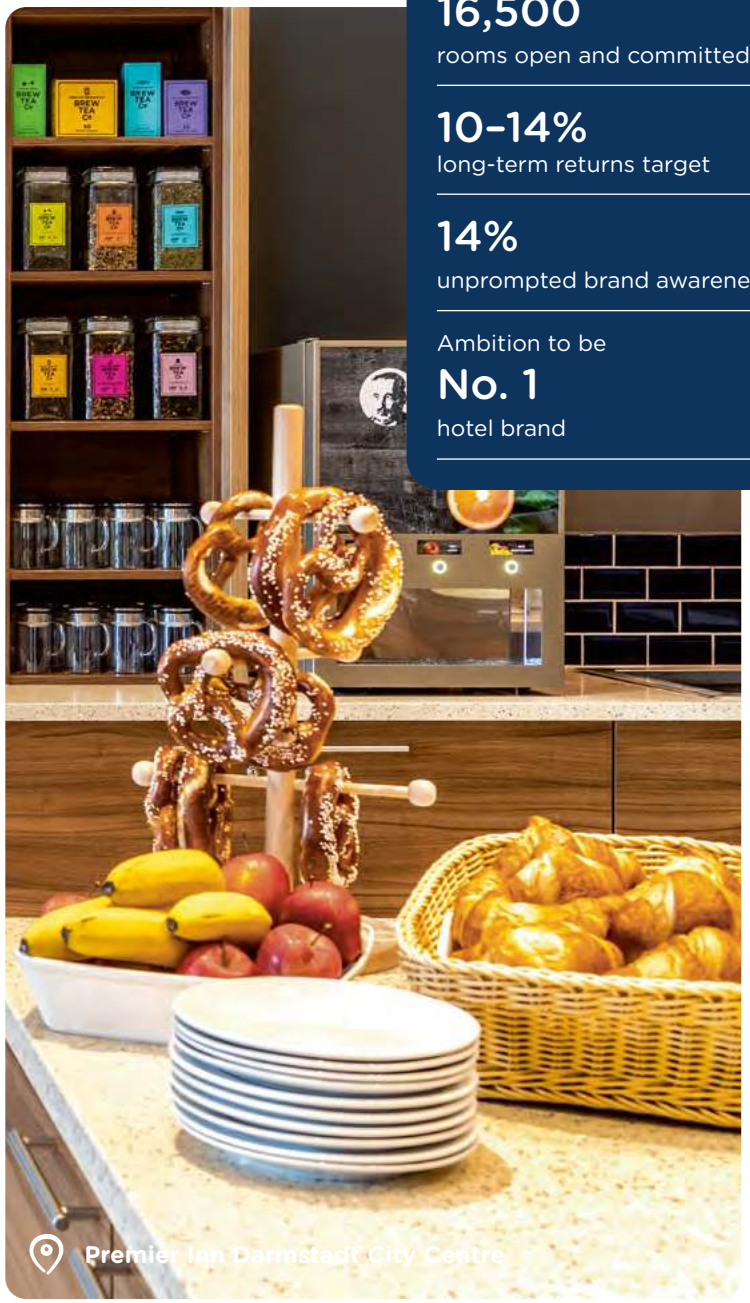
Maintaining a balanced mix of business and leisure guests helps to maximise occupancy across the cycle. Business guests tend to have higher frequency of travel than leisure guests and drive higher ARRs. With high levels of domestic travel in Germany driven by the large trade fair market, ensuring

Key:

● Open hotels[2]	**59**
● Committed pipeline hotels	**34**

1 Germany YouGov Brand Awareness: 3 March 2023 to 29 February 2024.

2 Includes one hotel in Austria.



16,500
rooms open and committed

10–14%
long-term returns target

14%
unprompted brand awareness[1]

Ambition to be
No. 1
hotel brand

our platform is easy to use with all the key attributes our guests need, will increase the appeal of our offer. We are in the process of combining our current business channels into a single platform named 'InnBusiness', making it even easier for businesses of all sizes to book directly with us. We are also strengthening our existing TMC relationships to help drive incremental revenue.

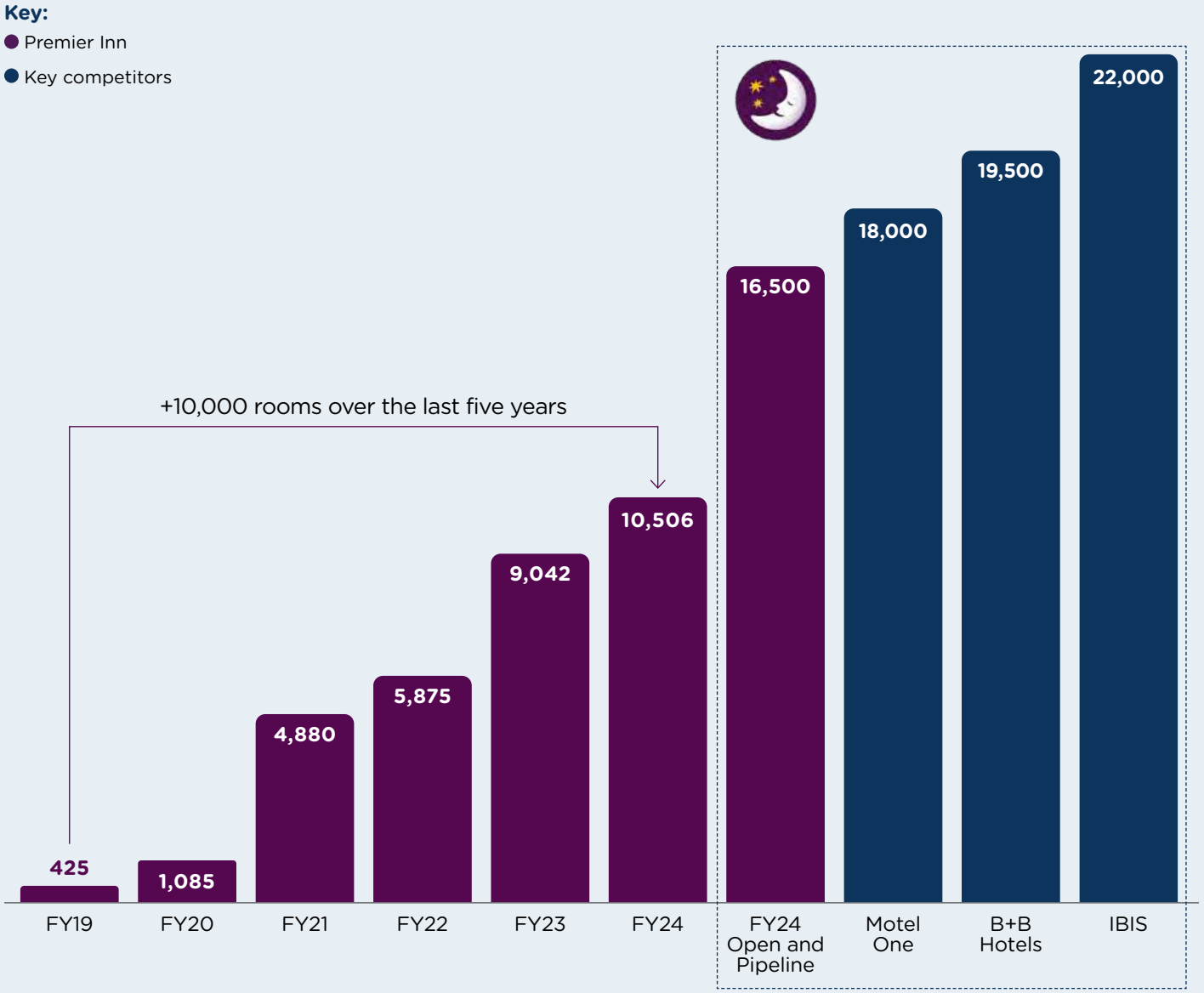
Tailor our model for our guests

Having exported our successful UK operating model, we recognise the need to continue to tailor our proposition for the German market. This year we will be adding new payment options to make it even easier for our guests to book a room in one of our hotels. After a successful trial, we are now introducing Premier Plus rooms at a number of hotels across our estate and are rolling out the latest iteration of our standard room format. In January 2024 we appointed a new Chief Executive for our German business who sits on the Executive Committee and is responsible for ensuring we remain on course to meet our long-term targets.

Pathway to long-term, sustainable returns

Whilst our German estate made a loss in 2023/24, we were encouraged by the performance of our cohort of more established hotels[3] that continued to perform ahead of the market and was profitable in aggregate[4]. We remain on course for our total estate to break-even on a run-rate basis during 2024. As our sites and brand mature, our strategic plans for the next few years are focused on building a business of scale and reaching our long-term returns target of between 10 and 14%.

Premier Inn Germany room growth



3 Cohort of 17 more established German hotels that were open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022.

4 In aggregate, adjusted profit before tax excluding non-site related administration and overhead costs.

GERMAN PERFORMANCE

Premier Inn Germany

£m	FY24	FY23	vs FY23
Statutory revenue	**190**	**118**	***62%***
Other income (excluding rental income)	3	—	*>1,000%*
Operating costs before depreciation, amortisation and rent	(151)	(110)	*(37)%*
Adjusted EBITDAR†	**42**	**7**	***462%***
Depreciation: Right-of-use asset	(39)	(32)	*(22)%*
Depreciation and amortisation: Other	(17)	(11)	*(55)%*
Adjusted operating loss†	**(15)**	**(36)**	***58%***
Interest: Lease liability	(21)	(14)	*(51)%*
Adjusted loss before tax†	**(36)**	**(50)**	***28%***

Premier Inn Germany[1] KPIs

£m	FY24	FY23	vs FY23
Number of hotels	59	51	*16%*
Number of rooms	10,506	9,042	*16%*
Committed pipeline (rooms)	6,286	6,907	*(9)%*
Occupancy	61.8%	59.4%	*240bps*
Average room rate†	£71.88	£62.36	*15%*
Revenue per available room†	£44.44	£37.04	*20%*
Sales growth[2]:			
Accommodation	63%		
Food and beverage	58%		
Total	**62%**		
Like-for-like sales† growth[2]:			
Accommodation	24%		
Food and beverage	23%		
Total	**24%**		

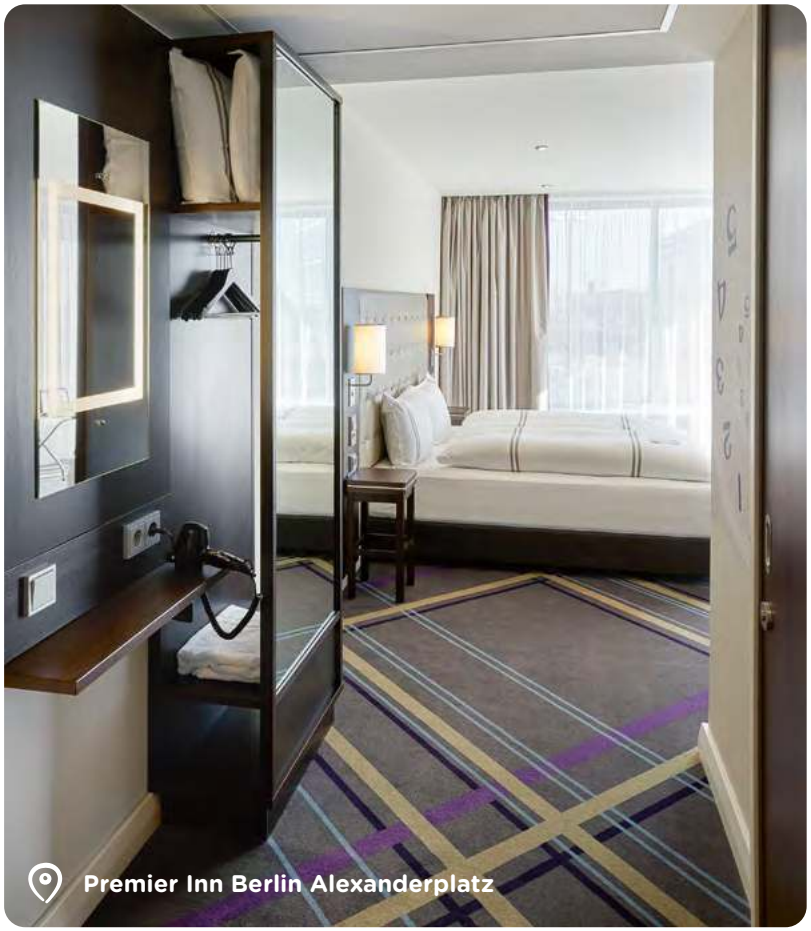
1 Includes one site in Austria.

2 Total and like-for-like versus 2022/23.

Premier Inn Dresden City Prager Straße

"Having joined Whitbread in January 2024, I'm really excited about the opportunity we have in Germany. We have a clear commercial plan that will see us break-even on a run-rate basis in calendar year 2024 and thereafter achieve our long-term target of 10-14% return on capital."

Erik Friemuth
Chief Executive, Premier Inn Germany


Premier Inn Berlin Alexanderplatz

Germany performance vs M&E market

€m	FY24	H1 FY24	H2 FY24
Germany M&E RevPAR performance[3]	€54	€56	€52
PI more established hotels RevPAR performance[4]	€58	€60	€55
PI total RevPAR performance[4]	€51	€53	€50

3 STR data, standard methodology basis, 3 March 2023 to 29 February 2024, M&E excludes Premier Inn.

4 Premier Inn more established hotels: open and trading under the Premier Inn brand for 12 consecutive months as at 4 March 2022: 17 hotels and Premier Inn total: 59 hotels.

Total statutory revenue in Germany was 62% ahead of 2022/23, reflecting the increased size of our estate and the increasing maturity of our like-for-like hotels. During the year we opened eight new hotels, taking our open estate to 59 hotels with a total of 10,506 rooms and a further 6,286 rooms in our committed pipeline. Our cohort of more established hotels[4] delivered a RevPAR of €58 (2022/23: €51), while total estate RevPAR increased by 20% to €51 (2022/23: €48), driven by further growth in both occupancy and ARR.

Other income includes the release of a £3m provision relating to a prior period claim for Government support which has now been finalised (2022/23: £nil).

Operating costs in the period increased by £41m to £151m reflecting the continued growth in our estate as well as high levels of cost inflation. As we continue to tailor our proposition and refine our operating model, we remain focused on delivering a quality guest experience whilst continuing to look at ways that we can reduce costs.

Right-of-use asset depreciation costs increased by £7m to £39m as we opened five new leasehold hotels in the period. Other depreciation and amortisation costs increased to £17m and lease liability interest costs were £21m, reflecting the material estate growth over the last year.

Adjusted operating losses before tax reduced to £36m (2022/2323: loss of £50m), reflecting the expansion of our estate, an improved trading performance, the progressive maturity of our existing hotels and a continued focus on cost efficiency.

Premier Inn Dresden City Zentrum

on our technology stack

Upgraded reservation system

We have completed the multi-year upgrade to our new reservation system and all of our hotels in the UK and Germany are now operating successfully on the new platform.

Once fully embedded during the second half of 2024, we expect the new system will allow us to start to realise both commercial and operational benefits, improving the digital experience for our guests and driving incremental revenue and cost efficiencies.

Hotels on new reservation system

900+

Roll-out of electronic door keys

We aim to ensure that our technology supports the delivery of a great experience for our guests and that it is robust, adaptable and scalable to support future growth.

We have started a programme to introduce new Bluetooth, low energy-enabled, door locks. The new door locks will allow us to test the use of mobile room keys, which will improve the guest experience and increase hotel labour efficiency.

Roll-out to commence

2024/25

LONG-TERM GROWTH STRATEGY AND PERFORMANCE

Enhance our capabilities to support long-term growth

Our vertically integrated model is supported by our strong, asset-backed balance sheet. This gives us the confidence to invest in all areas of our business and underpins our growth strategy.

KPIs

Cost efficiencies by 2026/27
£150m

Total new rooms to open in 2024/25
1,150–1,650

UK return on capital employed†
15.5%

Group freehold mix
52%

Fitch rating[1]
BBB

Gross capital expenditure in 2024/25
£550–600m

1 Fitch Ratings, 17 August 2023.

Our capital structure is a key source of competitive advantage

Funding

- Investment grade status ensures access to debt markets
- Cost of funding remains competitive
- Selective sale and leasebacks can raise additional low-cost funding, if required

Strength of covenant

- Makes us a highly attractive and trusted partner
- Strong advantage in competitive transactions
- Helps us to secure more favourable lease terms

Strategic and financial flexibility

- Proven resilience during periods of macroeconomic uncertainty
- Ability to execute quickly whilst maximising the commercial opportunity by location
- Use property expertise to deploy value-enhancing solutions
- Control over network planning and customer proposition
- Ability to invest in our efficiency programme

Building on our advantage

Our ongoing investments in our estate, guest proposition, technology, teams and the Force for Good sustainability programme means we can continue to strengthen our market-leading position and drive attractive returns for our shareholders. Each of these is described in more detail below.

Estate growth and optimisation

We see significant growth potential in both the UK and Germany. Drawing upon our in-house property expertise and strong balance sheet, we are able to commission new build projects, complete single site acquisitions and take advantage of selective bolt-on M&A opportunities. With a large freehold portfolio, we can also recycle capital and optimise our estate. This includes the disposal of smaller, less profitable sites and investment into more efficient, larger sites as well as in extensions as part of our AGP.

Read more on page 10

Guest proposition

Maintaining our market-leading reputation for quality and service requires us to keep looking for ways to improve our guest offer. Ensuring a consistency of product across our estate is key and in 2023/24, we invested over £250m in non-expansionary capex so that we continue to meet the high standards expected by our guests. We augment this through the development of new products and services that will further enhance their experience and encourage them to choose Premier Inn, whenever they are staying away from home.

Read more on page 13

Technology

With digital channels representing the vast majority of our revenues, our technology infrastructure and capability is central to our long-term success. Having now completed the multi-year upgrade to our reservation system and technology stack, we are continuing to drive further improvements to our digital networks and systems that will enhance the quality of service to our guests and drive further efficiencies.

Teams

Our teams are at the heart of our operations, and as a customer-led business, investing in our teams is key to our success. We are determined to ensure that they are engaged and focused on delivering a great customer experience for our guests. Being competitive on pay and rewards, while important, is only part of our investment. We also offer extensive training and development opportunities and ensure that we continue to nurture a positive business culture, one that enables all of our team members to build a career with us, doing a job they enjoy and sharing in our collective success. Whilst some of our team members will be impacted by our AGP, we will seek to mitigate this by offering alternative opportunities across the Group wherever possible and by providing dedicated support to our teams.

Read more on page 48

Force for Good

Our sustainability programme drives our ESG agenda. Our stretching targets are embedded across all areas of our business, holding us accountable for the change we seek to implement. It is increasingly important for many of our key stakeholders and our investment in the programme not only ensures that we are having a positive impact on our communities, but also delivers operational efficiencies over the longer term.

Read more on pages 58 to 63

Premier Inn London Hampstead

Lean and agile cost model

As a vertically integrated operator, we are able to exercise considerable control over our cost base. This does however require a consistent approach across all areas of our business and all of our teams continue to find improvements and new ways of working. Whilst there are signs that inflationary pressures may be easing, they remain above average and therefore these initiatives are more important than ever. We have launched a new programme to deliver £150m of cost efficiencies over the next three years including £40m to £50m of savings in 2024/25.

Increasing returns

Our focus on delivering for our guests, our differentiated and vertically integrated business model, scale, direct distribution, strong balance sheet and strict capital discipline have combined to deliver highly attractive and consistent returns for our shareholders. As we look forward, by executing our strategic and commercial plans, our goal is to not only sustain these levels of return, but to increase them further.

long-term sustainable returns

Hemant Patel
Chief Financial Officer

Financial highlights

£m	FY24	FY23	vs FY23
Statutory revenue	**2,960**	**2,625**	***13%***
Other income (excluding rental income)	3	5	*(45)%*
Operating costs before depreciation, amortisation and rent	(1,906)	(1,742)	*(9)%*
Adjusted EBITDAR	**1,057**	**888**	***19%***
Net turnover rent and rental income	1	1	*(50)%*
Depreciation: Right-of-use asset	(183)	(166)	*(11)%*
Depreciation and amortisation: Other	(200)	(180)	*(11)%*
Adjusted operating profit	**674**	**544**	***24%***
Net finance costs (excluding lease liability interest)	42	9	*390%*
Interest: lease liability	(155)	(139)	*(12)%*
Adjusted profit/(loss) before tax	**561**	**413**	***36%***
Adjusting items	(109)	(39)	*(184)%*
Statutory profit before tax	**452**	**375**	***21%***
Tax expense	(140)	(96)	*(45)%*
Statutory profit after tax	**312**	**279**	***12%***

Statutory revenue

Statutory revenues were up 13% versus last year, driven by the combination of a continued strong demand environment coupled with a reduced level of supply in the UK hotel market, an improved performance from F&B and continued growth of our hotel estate in Germany.

Adjusted EBITDAR

Other income includes a £3m provision release relating to a prior year claim for Government support which has now been finalised (2022/23: £5m). Operating costs of £1,906m were 9% higher than 2022/23, driven by cost inflation and estate growth in both the UK and Germany, partially offset by further savings from our cost efficiency programme. This resulted in a 19% increase in adjusted EBITDAR to £1,057m, demonstrating the operational leverage of our business model.

Adjusted operating profit

The leasehold estate in the UK grew by net eight hotels and by five hotels in Germany with the result that right-of-use depreciation increased by £17m to £183m. With the addition of new hotels and our continued programme of investment, other depreciation and amortisation charges increased by £20m to £200m. Given the strong growth in adjusted EBITDAR, adjusted operating profit increased by 24% to £674m (2022/23: £544m).

Central and other costs

£m	FY24 £m	FY23 £m	vs FY23 £m
Operating costs before depreciation, amortisation and rent	(36)	(40)	8%
Share of profit from joint ventures	4	2	78%
Adjusted operating loss†	**(32)**	**(37)**	***13%***
Net finance income	42	9	386%
Adjusted profit/(loss) before tax†	**10**	**(29)**	***134%***

Central operating costs of £36m were £4m lower than 2022/23, primarily driven by foreign exchange movements and lower consultancy-related costs. Net finance income was £42m (2022/23: £9m) reflecting increased interest receivable on the Group's cash balances and increased IAS 19 pension finance income.

Net finance costs

Strong cashflow and sustained high interest rates resulted in higher interest receivable on the Group's cash balances of £50m (2022/23: £23m). An interest credit from the pension fund of £16m (2022/23: £14m), partially offset by debt interest of £24m (2022/23: £24m), resulted in a net finance credit (excluding lease liability interest) for the year of £42m (2022/23: £9m credit). Lease liability interest of £155m was £16m higher than last year, primarily driven by the opening of net eight leasehold hotels in the UK and five leaseholds in Germany.

Adjusting items

Total adjusting items before tax were a charge of £109m for the year compared to a £39m charge in 2022/23.

The Group incurred a net impairment charge of £107m for the year compared to a £33m charge in 2022/23. In the UK, gross impairment of £84m (2022/23: £nil) has been recognised in respect of sites impacted by changes to facilitate our AGP. Included within this amount is £81m where the carrying value exceeds the expected sale proceeds less costs to sell and a further impairment of £4m to reflect the impact of the reduced cashflows as a result of the announcement of the plan. This was offset by the reversal of previous impairments relating to these disposal sites of £7m. In addition, gross impairment charges in the UK of £8m (2022/23: £54m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10m (2022/23: £55m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £1m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant. At this time the Group expects to incur further net impairment charges and write-downs including accelerated depreciation within adjusting items totalling between £80m and £100m over the next three financial years.

In Germany, in order to reach scale at pace and gain access to a number of key markets, we have invested in freehold and leasehold sites through organic opportunities as well as by acquisition. Now having a recent period of trading history, we have updated our cashflow assumptions which has resulted in an impairment charge of £32m, relating to seven of our German hotels.

The Group has incurred costs regarding the announced changes to facilitate our AGP in relation to legal and advisory fees. This plan represents a significant business change for the Group and is expected to incur costs over the next few financial years. Cash costs incurred on the plan and presented within adjusting items in the year were £6m. At this time the Group expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20m and £25m.

During the year, the Group received a settlement of £7m in relation to a legal claim made against a payment card scheme provider.

The Group also made a profit on property disposals totalling £18m (2022/23: £4m) including a gain of £9m relating to the sale of a property by one of the Group's joint venture partners (2022/23: £nil). The Group also released net provisions of £4m (2022/23: £0.4m) relating to historic tax matters and received reimbursements for the costs of remedial works on cladding material from property developers totalling £2m (2022/23: £nil).

The Group has assessed the presentation of costs incurred in relation to the current and future strategic IT programme implementations. Cash costs incurred on the programmes and presented within adjusting items in the period were £27m with cumulative cash costs to date being £41m (2022/23: £14m). At this time the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the financial year ended 2025 between £20m and £30m and during the financial year ended 2026 between £5m and £15m.

Taxation

The tax charge of £160m on the profit before adjusting items (2022/23: £85m) represents an effective tax rate on the profit before adjusting items of 28.5% (2022/23: 20.6%). This is higher than the UK blended corporate tax rate of 24.5%, primarily due to the impact of overseas tax losses for which no deferred tax has been recognised. A full breakdown is shown on pages 181 to 183. The statutory tax charge for the period of £140m (2022/23: £96m) represents an effective tax rate of 30.9% (2022/23: 25.6%). This is higher than the effective tax rate on the profit before adjusting items of 28.5%, primarily due to impact of the impairment of Germany property in the year.

Statutory profit after tax

Statutory profit after tax for the year was £312m in 2023/24, compared to a profit of £279m in 2022/23.

Earnings per share

£m	FY24 £m	FY23 £m	vs FY23 £m
Adjusted basic earnings per share†	206.9p	162.9p	27%
Statutory basic earnings per share	161.0p	138.4p	16%

Adjusted basic profit per share of 206.9p and statutory basic profit per share of 161.0p reflect the adjusted and statutory profits reported in the year and are based on a weighted average number of shares of 194m (2022/23: 202m). The reduction in the weighted average number of shares reflects shares purchased and cancelled as part of the Group's previously announced share buy-back programme.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Dividend

The Board has recommended a 26% increase in the final dividend of 62.9 pence per share (2022/23: 49.8 pence). This reflects the Group's performance over the past year, its strong balance sheet and confidence in the outlook. If approved by shareholders at the AGM to be held on 18 June 2024, this would result in a total dividend payment for the year of 97.0 pence per share (2022/23: 74.2 pence) or £181m (2022/23: £149m). The final dividend, if approved, will be paid on 5 July 2024 to all shareholders on the register at the close of business on 24 May 2024. Shareholders will be offered the option to participate in a dividend re-investment plan. The Group's dividend policy is to grow the dividend broadly in line with earnings across the cycle. Full details are set out on page 184.

Events after the balance sheet date

The Board of directors approved a share buy-back on 29 April 2024 for £150m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

The results include the announcement of our AGP. Details of the plan include the conversion of 112 branded restaurants into new rooms and disposal of a further 126 branded restaurants over the next 24 months. We have agreed to sell 21 of these sites for £28m.

Pension

The Group's defined benefit pension scheme, the Whitbread Group Pension Fund (the 'Pension Fund'), had an IAS19 Employee Benefits surplus of £165m at the end of the year (2022/23: £325m). The change in surplus was primarily driven by increases in the Fund's assets being lower than the discount rate and both inflation experience and membership experience being less favourable than expected. This was partially offset by changes to the mortality assumptions and a decrease in the assumed rates of future inflation, both of which reduced the value of the pension obligations.

There are currently no deficit reduction contributions being paid to the Pension Fund, however annual contributions continue to be paid to the Fund through the Scottish Partnership arrangements which amount to approximately £11m. The Trustee holds security over £532m of Whitbread's freehold property which will remain at this level until no further obligations are due under the Scottish Partnership arrangements, which is expected to be in 2025. Following that, the security held by the Trustee will be the lower of: £500m; and 120% of the buy-out deficit and will remain in place until there is no longer a buy-out deficit. The Pension Fund is currently in the process of conducting the triennial actuarial valuation of the Fund as at 31 March 2023.

Cashflow

The Group's strong trading performance coupled with a focus on cost efficiencies delivered a 19% increase in adjusted EBITDAR to £1,057m. Lease liability interest and lease repayments increased by £36m to £305m reflecting the increased leasehold estate in the UK and Germany. A reduction in other debtors reflected a number of property transactions and timing of project spend together with an increase in creditors resulted in a £34m working capital inflow in the year (2022/23: £99m inflow). This contributed to an adjusted operating cashflow of £787m, £68m higher than 2022/23.

£m	FY24 £m	FY23 £m
Adjusted EDITDAR†	**1,057**	**888**
Change in working capital	34	99
Net turnover rent and rental income	1	1
Lease viability and principal lease payments	(305)	(269)
Adjusted operating cash flow†	**787**	**719**
Interest (excluding IFRS 16)	22	(9)
Corporate taxes	(53)	(30)
Pension	(18)	(16)
Capital expenditure: non-expansionary	(253)	(184)
Capital expenditure: expansionary[1]	(256)	(362)
Disposal proceeds	57	60
Other	0	4
Cash flow before shareholder returns and debt repayments	**286**	**182**
Dividend	(165)	(119)
Shares purchased for Employee Share Ownership Trust (ESOT)	—	(32)
Share buy-back	(591)	—
Net cashflow	**(470)**	**31**
Opening net cash†	171	141
Closing net (debt)/cash†	**(298)**	**171**

1 2023/24 includes £nil payment of contingent consideration (2022/23: £25m payment of contingent consideration).

The corporation tax net outflow in the year was £53m which relates mainly to payments on account for the UK corporation tax liability.

Non-expansionary capital expenditure was £253m and reflected our accelerated refurbishment and bed replacement programme as well as our systems replacement projects. Expansionary capital expenditure was £256m, £106m lower than last year which included the purchase of freehold properties in London and Dublin.

Disposal proceeds of £57m (2022/23: £60m) include the disposal of ten properties, including the sale of an office building that we built as part of a hotel development in Clerkenwell for £39m, as the Group continues to optimise its estate when suitable opportunities arise.

The increase in operating cashflow funded the capital expenditure in the year and therefore resulted in a cash inflow before shareholder returns of £286m (2022/23: £182m).

Following the strong financial and operating performance in 2022/23, the Board recommended a final dividend of 49.8p per share on 25 April 2023. This resulted in a payment of £99m which was paid on 7 July 2023. At the interim results in October 2023, the Board declared an interim dividend of 34.1 pence per share, resulting in a £65m total interim dividend payment. On 24 April 2023 the Board approved a £300m share buy-back which was completed on 3 October 2023.

At the interim results in October 2023, the Board approved a further £300m share buy-back which was completed on 4 March 2024.

Following these payments, net debt at the end of the year was £298m.

Debt funding facilities and liquidity

£m	Facility	Utilised	Maturity
Revolving credit facility	(775)	—	2028
Bond	(450)	(450)	2025
Green Bond	(300)	(300)	2027
Green Bond	(250)	(250)	2031
		(1,000)	
Cash and cash equivalents		697	
Total facilities utilised, net of cash[2]		(303)	
Net debt†		(298)	
Net debt and lease liabilities†		(4,397)	

The Group's objective is to manage to investment grade metrics and specifically to a lease-adjusted net debt : adjusted EBITDAR† ratio of less than 3.5x over the medium term[3]. We received confirmation of an upgrade to our investment grade status on 17 August 2023 from BBB- to BBB. The Group's lease-adjusted net debt was £3,047m (2022/23: £2,298m) and the lease-adjusted net debt : adjusted EBITDAR ratio was 2.9x (2022/23: 2.6x).

2 Excludes unamortised fees associated with the debt instrument.

3 This measure has been changed to align to Fitch methodology on an adjusted EBITDAR basis and as a result has reset the leverage threshold to 3.5x lease-adjusted net debt : adjusted EBITDAR (previously 3.7x).

Capital investment

£m	FY24 £m	FY23 £m
UK maintenance and product improvement	206	182
New/extended UK hotels[4]	165	265
Germany and Middle East[5]	138	99
Total	**509**	**546**

4 FY24 includes £nil capital contributions to joint ventures (2022/23: £2m).

5 FY24 includes £nil payment of contingent consideration (2022/23: £25m).

Total capital expenditure in 2023/24 was £509m, which was £37m lower than the previous year. UK maintenance and product improvement spend was £206m, £24m higher than 2022/23, reflecting our accelerated refurbishment and ongoing bed replacement programmes and systems-related projects. UK expansionary expenditure included £165m on developing new sites; this was £100m lower than in 2022/23 which included the purchase of freehold properties in London and Dublin. In Germany, capital spend was driven by the purchase of freehold properties in Lindau and Heilbronn, refurbishment of those sites acquired at the end of 2022/23 and the continued development of our committed pipeline.

Property, plant and equipment of £4.6bn was higher than 2022/23 (£4.5bn), with an increase in capital expenditure partially offset by depreciation and impairment charges.

Property backed balance sheet

Freehold/leasehold mix	Open estate	Total estate[6]
Premier Inn UK	56%:44%	56%:44%
Premier Inn Germany	24%:76%	27%:73%
Group	52%:48%	52%:48%

6 Open plus committed pipeline.

The current open UK estate is 56% freehold and 44% leasehold, a mix that is not expected to change as the existing committed pipeline is brought onstream. The higher leasehold mix in our open estate in Germany reflects the greater proportion of city centre locations.

The new site openings in Germany and continued expansion in the UK resulted in right-of-use assets increasing to £3.6bn (2022/23: £3.5bn) and lease liabilities increasing to £4.1bn (2022/23: £4.0bn).

Return on capital

Returns[7]	FY24	FY23
Group ROCE	13.1%	10.5%
UK ROCE	15.5%	12.9%

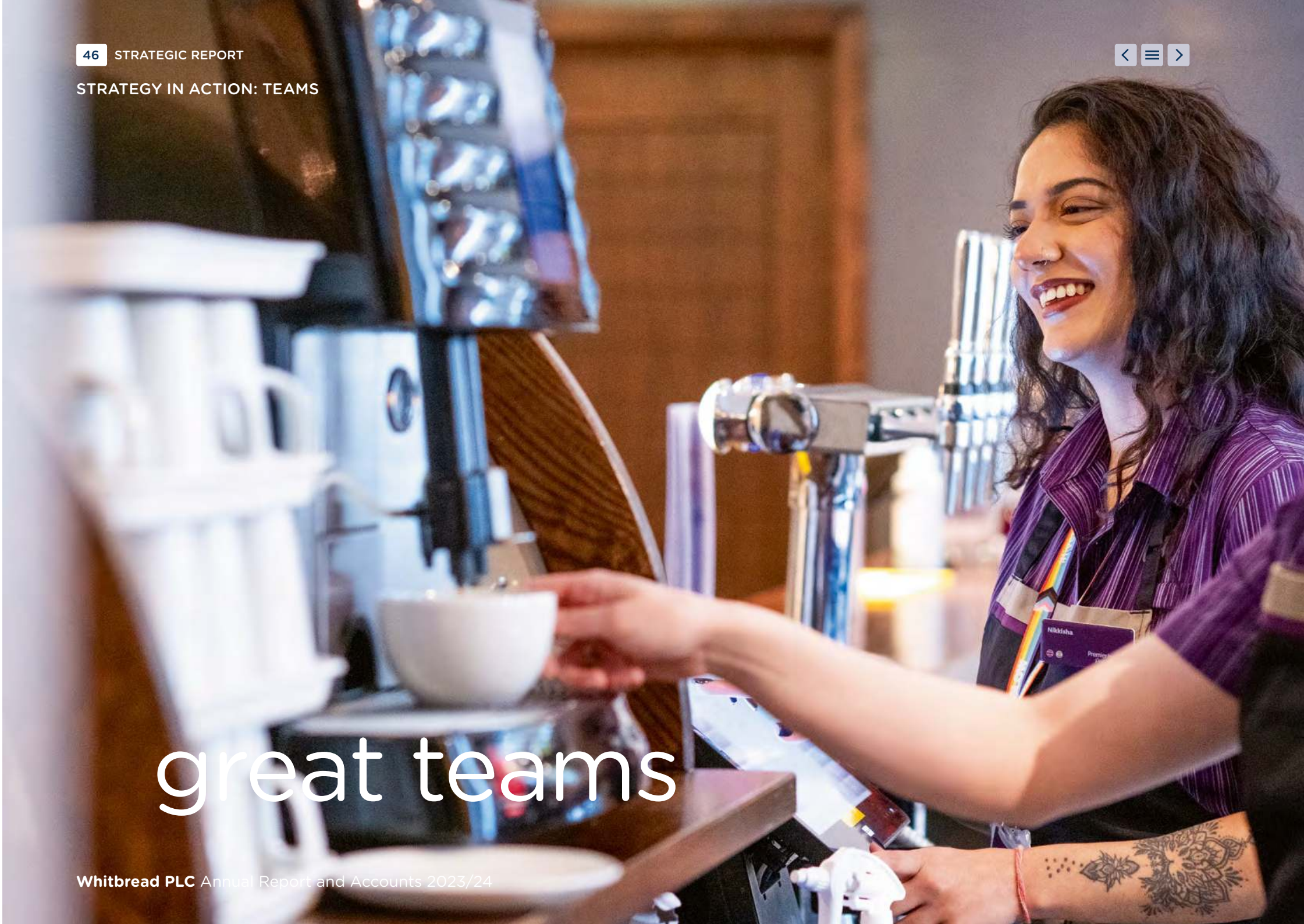
7 Germany ROCE not included as losses were incurred in the year.

The strong revenue and profit performance meant that Group ROCE increased to 13.1% and UK ROCE increased to 15.5%. We believe that our vertically integrated business model means we are particularly well-placed to capitalise on the significant structural opportunities in both the UK and Germany. Despite ongoing inflationary pressures, we believe that this can be mitigated through a combination of: continued estate growth, our strategic and commercial plans including our AGP and our new £150m efficiency programme.

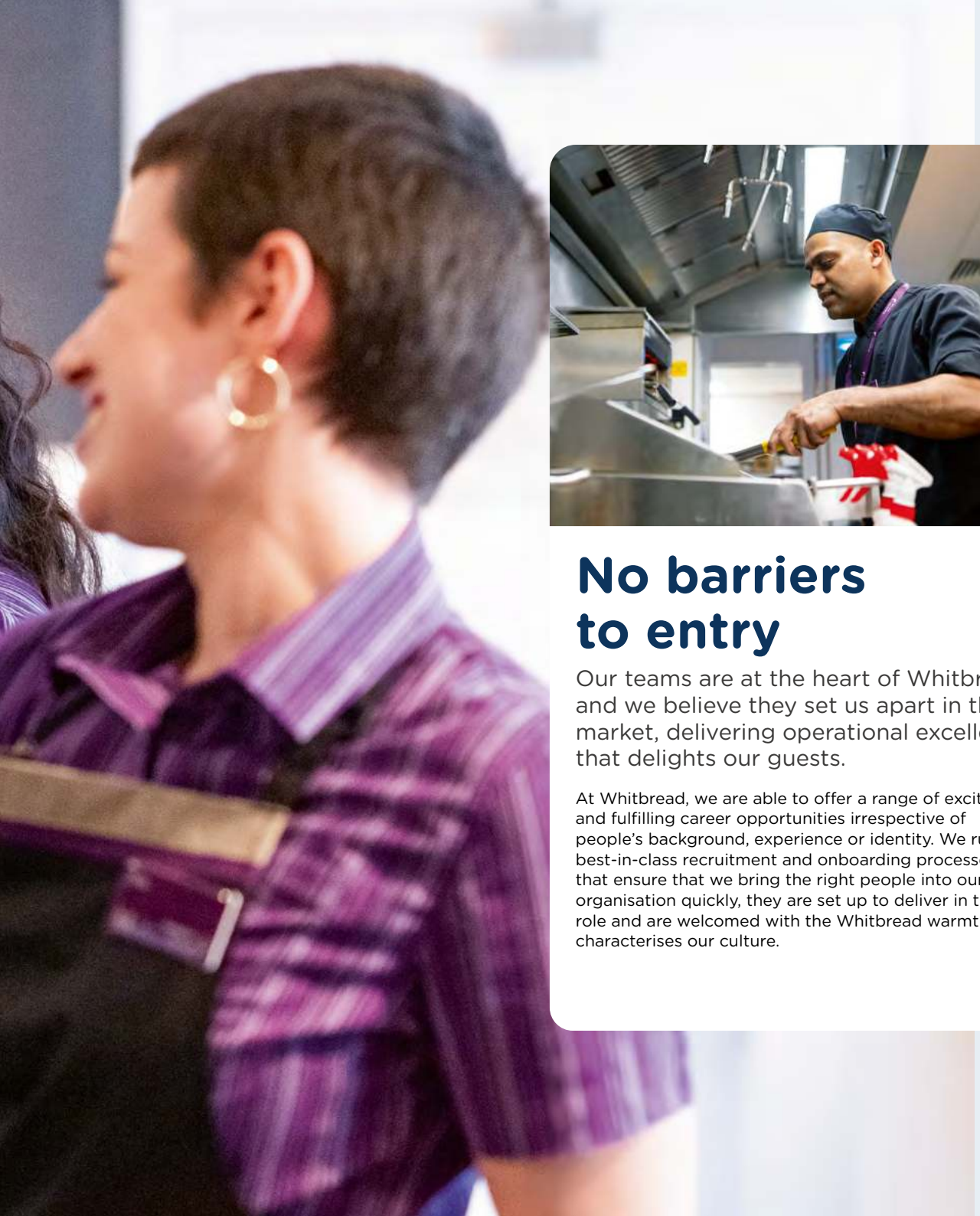
Going concern

The directors have concluded that it is appropriate for the consolidated financial statements to be prepared on the going concern basis. Full details are set out on page 167 of the attached financial statements.

Hemant Patel
Chief Financial Officer
29 April 2024



great teams



No barriers to entry

Our teams are at the heart of Whitbread and we believe they set us apart in the market, delivering operational excellence that delights our guests.

At Whitbread, we are able to offer a range of exciting and fulfilling career opportunities irrespective of people's background, experience or identity. We run best-in-class recruitment and onboarding processes that ensure that we bring the right people into our organisation quickly, they are set up to deliver in their role and are welcomed with the Whitbread warmth that characterises our culture.

No limits to ambition

We believe in giving everyone the opportunity to grow, develop and be their best.

Over the past year we have supported the career ambitions across our teams by providing a structured approach to understanding talent in the organisation. This opens up development pathways for apprentices, team members aspiring to management and continued development of our leadership capability. Career progression at Whitbread is underpinned by a holistic approach to our team's wellbeing, competitive pay and, following our successful year in 2023/24, significant investment in incentives at all levels.

CHIEF PEOPLE OFFICER'S REVIEW

Providing for growth

Rachel Howarth
Chief People Officer

Our teams are critical to Whitbread's success, consistently delivering memorable guest experiences that we see reflected in our market-leading guest satisfaction scores. Our guests tell us that our people are one of the key reasons they choose to stay with us and the exceptionally strong set of trading figures for 2023/24 would not have been possible without the efforts and collaboration of our 38,000-strong team.

We were recognised as a 'Top Employer' from the Top Employers Institute for the 14th consecutive year and, as importantly, over three-quarters of our people tell us that they are proud to work for Whitbread, which is testament to the culture we collectively cultivate in the organisation.

I am extremely proud of our people and the work we continue to do to enable the organisational capabilities that support our growth ambitions in the UK and Germany. The economic climate remains challenging, with high rates of inflation driving up the cost of living for our teams. It has therefore been extremely important that we continue to make substantial investments in pay, incentives and recognition to support our teams financially. Additionally, our investments in talent, training and development mean that Whitbread is a place where people can make meaningful career progression.

Whitbread is welcoming to all and we have strong momentum on inclusivity and diversity which was reflected in the last year through several external accreditations, the continued development and impact of our inclusion networks, and long-term improvement in our gender and ethnic leadership representation levels. We always strive to improve and have now set out new, more ambitious, targets for future leadership representation. The wellbeing of our teams is also critical and we delivered initiatives to promote physical, mental and financial wellbeing, underpinned by our continued specialist support in occupational health and via Hospitality Action.

We have made great strides in further stabilising our teams by reducing turnover. Stable teams are better able to deliver great guest experience and also unlock efficiency in our operating model, reducing recruitment and training volumes and subsequently, cost. More stable teams also serve as a great platform for us to support individuals in realising their career ambitions and we have delivered significant investment in our talent pipeline in 2023/24, across a range of programmes touching all areas of the organisation.

Our Accelerating Growth Plan, for the year ahead, includes a reduction of around 1,500 roles in our branded restaurants, with plans still subject to consultation. We recognise that this will be an unsettling period of change for our teams and we will be making every effort to work with impacted employees to support them through upskilling and finding alternative roles. I feel confident that we will be able to offer roles to many of those who wish to stay with Whitbread; new roles serving food and beverages to our hotel guests will open up in Premier Inn and we also hire c.15,000 people each year in our usual running of the business.

Investing in our teams' pay, reward and benefits

Following our multi-million pound investments in 2022/23 in pay and incentives, we have continued to invest in our teams in 2023/24 through competitive pay interventions, investing over £40m in pay awards across our hourly and salaried teams in the UK and Germany and awarding over £46m in annual incentive scheme payments based on 2022/23 performance.

In the UK, we have maintained our pay position for our hotel and restaurant team members ahead of the National Minimum Wage/National Living Wage and invested in our pay rates in Central London with an upper quartile pay strategy reflecting the importance of this market. Whilst we have continued our use of temporary pay 'hotspot' rates where we have seen evidence of heightened local competition for staff, we have spent less on this in 2023/24 compared to the previous two years, suggesting the UK labour market is stabilising.

We have continued to focus on recognition activities for our 34,000 team members. Each department in our hotels and restaurants celebrates a special 'Appreciation Week' throughout the year and we continue to use our 'My Rewards' recognition scheme, delivering points to convert to tangible rewards through an app. We have also run trading incentive schemes aligned to key trading periods throughout the year, supporting our commercial delivery. Our investment in recognition and trading incentives for our UK teams in 2023/24 is over £2m.

For our hotel team members in Germany, we offer a package in line with the local tariff agreements in each federal state, which offers a competitive base salary, increased through tenure and skills development, and a set of additional benefits. We awarded over €2m in November and December 2023 via a special annual payment for our teams, with the majority of our teams receiving a payment above the local tariff.

Continuing our momentum around diversity & inclusion

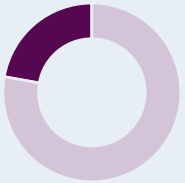
Over this last year, we have continued to make good progress against our eight diversity and inclusion commitments, which were set in 2020, to accelerate our momentum on this important topic. Further detail of our eight commitments is set out in our dedicated 2024 Diversity & Inclusion Report.

We are committed to increasing diversity in our leadership population and this year saw us check our progress against our first, previously published, representation targets. I am delighted that we achieved 9% ethnic representation versus a target of 8%. Our progress was further underlined by our outstanding achievement of 'Investing in Ethnicity: Exemplary Employer status' in February 2024, backed by the All Party Parliamentary Group, demonstrating the progress we are continuing to make for our ethnic communities across Whitbread. We have now set ourselves a new target of 10% leadership representation for 2026.

In terms of gender diversity, we have made excellent progress across the last three years, increasing our female representation in leadership from 32% in 2020 to 39.8% in 2024. However, we narrowly missed our 2023 target of 40% representation and recognise there is more to do. Our focus is now on achieving our new 2026 target of 45%. This year our GEN network has led our work on menopause, delivering training, running support groups and ensuring our menopause guide is known across our teams. I am confident that working on areas around gender-related health will directly link to improving female representation in leadership in future years.

Gender[1]

Executive Committee



Women	2	**22.2%**
Men	7	**77.8%**

Leadership community

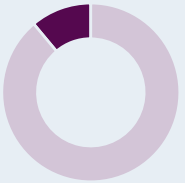
Women	35	**39.8%**
Men	53	**60.2%**

All employees[3]

Women	23,581	**64.3%**
Men	13,119	**35.7%**

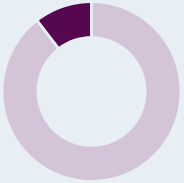
Ethnicity[2]

Executive Committee



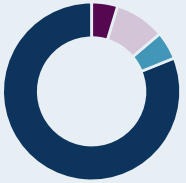
Ethnic minorities	1	**11.1%**
White	8	**88.9%**

Leadership community



Ethnic minorities	8	**9.1%**
White	79	**77.8%**

All employees



Black	1,587	**4.3%**
Asian	3,054	**8.3%**
Mixed ethnic	1,688	**4.6%**
White	27,048	**73.7%**

1 As an inclusive organisation, we recognise all gender identities and understand that not all our team members will identify as male or female.

2 The information provided is discretionary and not all members of the leadership community have chosen to share their ethnicity with us.

3 90.9% of our employees have chosen to share their ethnicity with us.

CHIEF PEOPLE OFFICER'S REVIEW CONTINUED

Supporting the wellbeing of our teams

We believe a great guest experience starts with a great team experience, so supporting our employees' overall wellbeing is another key underpin for us in creating stable, engaged teams. Wellbeing trends in the workplace such as work–life balance, human connection, belonging, learning, and financial education are all highly relevant to our teams and are reflected in our wellbeing investments and working practices during 2023/24.

Where team members require additional, specialist support, it is available to them via our trusted partners in occupational health and our Employee Assistance Programme provided by Hospitality Action.

We recognise that wellbeing is multi-faceted and have activity that spans three core areas:

Physical

Many roles in hospitality are physically demanding and supporting our teams in caring for their physical health is important. Regular features in our Wellbeing Wednesday monthly communication, provided by our occupational health provider, focus on physical health and ways to support understanding and preventative assistance as well as awareness on more specific medical conditions. We believe that good physical health is also an important component in strong mental health.

Mental and emotional

We want to help our teams in maintaining their mental health and support their emotional wellbeing. To that end we have continued to invest in both Mental Health First Aiders and Mental Health Champions during the last 12 months with 162 people trained across our Operations and Support Centre teams.

In August 2023, with the support of Hospitality Action, we launched a new digital app allowing our teams greater access to self-care articles, videos, podcasts and guided resources to support our teams' holistic health but with specific content on anxiety and stress as topics; areas highlighted by our teams as important and relevant to them.

This year we have also refreshed our ways of working in our Support Centres with an aim to promote togetherness and human connection. Our approach to hybrid and flexible working supports the creation of an environment where people can learn, collaborate and strengthen their relationships. We believe truly effective teams are together frequently and collaboration is a core touchstone of our culture. To further support this, we are investing in a significant refresh of our UK Support Centre office space to provide a workspace that is conducive to collaboration, belonging, interaction and engagement.

Financial

We know that financial worries can be a source of stress for many people and our teams have faced continued cost of living pressures over the last year. We have worked hard to invest in pay and incentives for all our team members and we also want our team members to have the ability to understand and manage their finances, as well as supporting them to feel confident in their financial decisions, both now and in the future.

We evolved our financial education support during 2023/24, offering several financial education sessions across our support centre and operations teams. We also delivered quarterly communications and a pension awareness week which resulted in many of our team members increasing their contribution rate, driving an increased matching contribution from Whitbread.

In Action:
Practical wellbeing support for our teams

- Accessibility and availability are critical for our team needing support with their wellbeing. The introduction of our digital platform app results in our team having access to a range of physical, mental and financial support and resources from their smartphone or computer at any time of day.
- We have continued regular communications through our 'Wellbeing Wednesday' initiative, a drumbeat of wellbeing information throughout the year. Our online Wellbeing Hub is available to all our teams and hosts all wellbeing resources – including all our training materials, books, videos and links to other external support. This supports our team to be at their best in both work and at home through raising awareness and inspiring healthier lifestyle choices.
- Supported by our colleague networks there have been campaigns focusing on specific areas of wellbeing such as menopause, nutrition, and sleep.
- We have continued our collaborative partnership with Hospitality Action. Our in-year donation of £150,000 has been instrumental in supporting hardship grant requests from our Whitbread employees, as well as providing access to additional support with counselling and advice, if required.

Deputy Hotel Manager development

"The six Deputy Hotel Manager (DHM) development modules have had a significant impact on my growth within the business.

Particular standouts for me are the 'resilience' and 'mindset' modules, which have given me insight and understanding of my own personal resilience in the work place.

Overall, the modules have really supported me in understanding the areas I can develop and expand on my personal development for the upcoming year. It has also impacted how I deliver coaching and training within my team and how I engage with them.

Both my peers and I agree that we all have taken away learnings from the modules and I recommend any DHMs, who are new to the role to get involved."

James Turner
DHM, Premier Inn Stratford Upon Avon Waterway

Creating stable and engaged teams that work together to serve our guests

The labour market in the UK remains highly competitive and we implemented several initiatives in 2023/24 to ensure that our operational teams remained stable; this unlocks benefits in delivering a better guest experience and a reduction in turnover also enables greater efficiency in our recruitment and training. We identified three key areas of focus to proactively improve turnover and have consequently seen rates improve by upwards of 5%pts. This improvement in workforce stability resulted in vacancy levels in our peak summer period dropping from 5,000 last year to 1,500 this year and the enhancements we made to our centralised resourcing model in 2022/23 meant that we hired more quickly against those vacancies.

There were three main areas of focus that drove further stabilisation of teams:

New starter experience

- We simplified the induction whilst improving associated content and materials for all hourly paid team member roles.
- Our turnover rates amongst new hires are typically higher than rates for any other tenure band but due to the induction improvements this has improved significantly. 69% of our employees now have more than one years' service, up from 59% in 2022/23.

Investing in manager capability

- Our teams told us that their manager relationship was critically important to their experience of working for Whitbread and so we have created a programme of activity to invest in the capability of our shift leaders, beginning with deputy hotel managers in Premier Inn. Since the programme start in August 2023, 875 managers have completed the first two development sessions and all deputy hotel managers will have accessed a variety of leadership development interventions by the end of the current financial year.
- We are also piloting a similar programme of leadership development with our Premier Inn duty managers and we will roll out this development activity to all shift leaders in operations in 2024/25.

Focus on London

- Labour market challenges are exacerbated in London, particularly amongst housekeepers, where we have historically utilised labour pools from within the EU that have shrunk post-Brexit. Therefore, we introduced enhanced communication activity, provided our housekeeping managers with targeted leadership development, including D&I training reflecting the diversity of their teams, invested in additional equipment, and trialled extended contract hours to better suit team members' lives and circumstances.
- This resulted in housekeeper turnover in London decreasing by more than 30%pts year-on-year and in our latest engagement survey 92% of housekeepers said that they are proud to work for Whitbread and would recommend us as a place to work.

CHIEF PEOPLE OFFICER'S REVIEW CONTINUED

Investing in our talent to grow and develop careers

Following the launch of our annual talent cycle to our leadership population in 2022, we have extended our structured approach to talent to our top 800 in 2023, which includes individual career conversations, talent calibration and talent action plans.

Embedding this cycle for the second year for our leadership population has given us a more accurate view of our succession and capability; extending it to a broader population has enabled us to have a clearer picture of whom to focus on and where to invest in development.

As a result, we have continued to invest in focused areas of development within our senior leadership and operational leadership teams over the last 12 months:

High Potential Leadership Programmes in partnership with HULT Ashridge

Senior Leaders Programme (SLP)
12-month programme for experienced senior leaders with potential for broader roles. The first cohort of 13 senior leaders completed their training in 2023/24.

Senior Managers Programme (SMP)
12-month programme for leaders with potential for broader roles. The first cohort of 17 leaders completed their training in January 2024.

Future Senior Leaders Programme
Nine-month programme for senior managers with potential for senior leader roles. The first cohort of 20 (identified via the talent cycle) started in February 2024.

Operational Leadership Development Programmes

'Leading for Tomorrow' Programme
12-month programme designed to equip our operational managers with the skills to lead a modern workforce into the future.

This was first completed by our operations directors and our regional operations managers in March 2023, with 550 hotel managers and general managers completing the programme in February 2024.

Internal Management Development Programme
'Progressing Into' is our new suite of internal management development programmes, providing clear training paths to develop people for their next management role.

In 2023, we ran 14 pilot programmes for 252 delegates.

Fast Track Chef programme

Our fast track chef programme takes people from no experience to chef in 20 days. Over that time our kitchen academy trainers upskill candidates across a variety of kitchen skills, including cooking to a specification, brand standards, shift management and breakfast service. Gifty is now excelling in her role as chef at Honourable Pilot Cookhouse + Pub in Gillingham and loves serving up great experiences to all our guests.

"I became more confident and efficient in the kitchen. We have a great management team that provides us with a good and supportive working environment. I have been able to apply the skills I learnt during the training."

Gifty Mensah
Kitchen team member, Honourable Pilot Cookhouse & Pub

Level 6 Data Science apprenticeship

"After completing my A-levels, I joined Whitbread's 2023 summer internship programme and I was thrilled to discover that Whitbread had an apprenticeship opportunity in Data Science, which was exactly what I was looking for. The opportunity to learn and work simultaneously has always appealed to me. As a young person, it allows me to gain work experience, which is key in career progression, without missing out on my education.

I'm really happy to see how supportive Whitbread is with my learning and the independence I'm given. I also discovered I would be rotating in different functions within my role. This stood out to me the most, it's a great opportunity to test out different areas and find exactly what I enjoy doing the most."

Aeysha Hasham
Data Science Apprentice, Support Centre

Further, we have also developed a youth strategy for Whitbread to enable us to become the employer of choice for young people in the UK. The strategy is built around three key pillars: early careers, fast-track careers and removing barriers to entry. Many initiatives are already live, with further opportunities to deliver in 2024/25.

Early careers	**Support Centre summer interns**	We piloted a ten-week summer internship scheme, welcoming ten interns from local schools and the 10,000 Black Interns programme.
	Support Centre apprenticeships	We piloted a Support Centre apprenticeship programme aimed at local diverse talent who study for a degree-level qualification whilst working in different placements within specific functions.
	Support Centre graduate schemes	We continued to recruit graduates for our finance graduate scheme. Participants study for a financial qualification during the three-year programme. The programme develops a pipeline for key finance roles.
	Operations work experience	We ran 500 work experience placements for secondary school students in operations, with an additional 300 work placements for university students.
	Operations apprenticeships	We have over 1,900 people in operations completing an apprenticeship, ranging from Level 2 through to foundation degree level apprenticeships.
Fast track careers	**Fast track chefs**	Fast track chefs is a unique recruitment programme that offers people without any previous kitchen experience, the opportunity to be trained to the full standard of a Grill Chef in 20 days and work in one of our restaurants. We recruited 90 people onto this programme last year across the UK from a diverse range of people across age, ethnicity and background.
Removing barriers to entry	**Special educational needs**	Our partnerships with Derwen and Hereward colleges provide work experience and pathways to employment for young people with special educational needs. This year we hosted ten supported work experience placements.

Hospitality Team Member Level 2 apprenticeship

"I see a future with Premier Inn. I love how this business works and the support they give you. They make you feel like nothing's too much bother. The incentives help, there's perks at work too which gives you money off your shopping – and we get a bonus. I've got an ambition to be Head Housekeeper and I want to do it here.

Applying for the Head Housekeeper role was what led me to my apprenticeship. I didn't get the job because I didn't have enough experience. So, to get the job I want, I needed to advance my skills. The apprenticeship was mentioned as a way to do that so I said to my hotel manager – sign me up!

We're an amazing team, we've got each others' backs and the work we're doing here keeps Premier Inn on top with our guests."

Kay Jackson
Reception Team Member,
Premier Inn Plymouth City Centre

CHIEF PEOPLE OFFICER'S REVIEW CONTINUED

Listening to our teams

Our people are at the heart of Whitbread and we are strong believers that engaged teams deliver great guest experiences. Consequently, we are passionate advocates for listening to our teams, understanding how they are feeling, and seeking their views to help shape business decisions.

Our listening programme

We have a structured calendar for listening through the year that encompasses surveys, our employee forum (Our Voice), and a programme to engage with specific groups of employees (All Ears).

Our survey programme (Your Say) is questionnaire-based listening giving all employees the opportunity to tell us, anonymously, how they feel against a set of pre-defined questions and supporting open-ended opportunities to capture comments.

We also ask all leavers a set of questions to understand why they are leaving us to support future retention actions.

Engaging with our workforce

Our Voice is our formal workforce advisory panel and is arranged in a framework that allows views to be raised, listened to, and incorporated into the decision-making process through two-way communication between senior leaders and our teams. Representatives are elected by our workforce. In operations it deliberately ladders through a divisional meeting – so that representatives from a geographical area can surface issues pertinent to them with their leadership – up to a national forum where a summary of issues from across the whole country can be discussed with the Operations Director.

Our Voice is our formal collective consultation partner as required and is also our vehicle for consultation on health & safety legislation. It fulfils our obligations under the UK Corporate Governance Code.

Listening to our team members

All Ears is another forum-based listening programme utilising specified role groups within operations to work on known business issues; it is unelected but akin to a bespoke research channel with our operations employees.

Overall, we continue have an engaged workforce: our Your Say results across the Company are positive, with the majority of scores reported above 80% in our regularly repeated questions. We had a record number of responses to our latest employee survey in autumn 2023, hearing from 28,013 employees.

In operations overall scores are very positive. Our operations teams feel engaged by their managers, valued as individuals, well-trained, properly equipped and enthusiastic about coming to work. In Support Centre results are also positive, with strengths across our line manager metrics, a sense of working on behalf of our guests and fair treatment regardless of personal background.

Across both operations and Support Centre we have seen encouraging signs of a more consistently reported employee experience when looking at results through the lens of diversity and inclusion and we continue to be committed to understanding the employee experience of everyone at Whitbread regardless of their identity or personal characteristics.

Rachel Howarth
Chief People Officer
29 April 2024

Listening & Engagement Manager

"My background at Whitbread was as a Regional Operations Manager for Premier Inn, leading a region to deliver fantastic stays for our guests. I have a real passion for supporting our front-line teams and always appreciated that some of our best ideas for how we could improve our ways of working came from the people that were delivering great service, day in, day out.

I was elected as a National Our Voice representative in addition to my leadership role, which meant that I was able to play a part in bringing all of that feedback and all of those suggestions from our teams into a bi-annual meeting chaired by the Managing Director, UK Hotels & Restaurants and Chief People Officer. It was always a brilliant day with the chance to bounce ideas around between team members and the senior leadership in the business.

When the opportunity arose to apply for the role to run all of Whitbread's employee listening programmes I jumped at the chance. I was really keen to bring all of my operational experience to bear across the whole organisation. I now run all of our survey and forum-based listening, translating what we hear from all of our colleagues into actionable insight designed to improve employee experience and, ultimately, the service that we're able to provide for our guests."

Laura Tait
Listening and Engagement Manager

Force for

"It is a pleasure to lead a company with such a strong focus on, and passion for, doing the right thing. Force for Good is embedded across the business and it's great to see an ESG programme with such breadth and ambition."

Dominic Paul
Chief Executive

What is Force for Good?

Force for Good brings together our approach to environmental, social and governance issues and is at the heart of our business.

We focus on our three pillars, Opportunity, Community and Responsibility, which helps us to drive meaningful change across a broad spectrum of topics. At its heart, Force for Good is about enabling people to live and work well as we strive to have a positive impact on the many people and communities our business touches and reduce any negative impact on the environment.

Opportunity

79%

of our team members say they are proud to work at Whitbread

Community

£2.4m

raised for Great Ormond Street Hospital Children's Charity

Responsibility

54.9%

reduction in Scope 1 & 2 carbon emission intensity from our 2016/17 base year

FORCE FOR GOOD: STRATEGY

An introduction to Force for Good

Clare Thomas
General Counsel

Having joined Whitbread just under a year ago, it has been a pleasure and a privilege to lead the Force for Good programme. It is an agenda that is close to my heart and it is exciting to see the breadth and depth of the programme, and the impact that it has had, and will continue to have over the coming years. This impact is one that is felt by team members, our guests, their families across the country as well as by our suppliers and our communities.

Whitbread is committed to being a Force for Good in terms of our environmental and social impact. Employing over 38,000 people and operating in over 900 hotels across the UK and Germany means we can have a large impact when positive action is applied at scale. This is what I find so exciting about the programme, the ability to make tangible and meaningful change for so many people. The Force for Good programme is a vital tool in driving this impact and has been part of the fabric of Whitbread for over ten years.

As the economic, social, regulatory and technological landscape around us evolves we must continue to adapt the programme and sense check that the work we are doing is right. This year has been one of taking stock and ensuring we have the right priorities in place, including beginning our first ever double materiality assessment. This means that we are looking at both how environmental, social and governance issues could affect Whitbread as well as how our business operations impact the environment and society.

What is clear is that there are still many challenges to overcome and large-scale change will be required, for example to remove the gas from our estate or work with our suppliers to decarbonise our supply chain. We also recognise the importance and the urgency of the work we are doing. The EU's climate service announced in February this year that global warming has exceeded 1.5°C over a 12-month period for the first time. Every day we see the impact of extreme weather impacting biodiversity, lives, livelihoods and food availability.

Year in review

This year has been a busy one in the Force for Good team, seeing us starting work on our first double materiality assessment to ensure we remain focused on our most material issues, refreshing our climate scenario analysis through the Task Force on Climate-related Financial Disclosure process and, of course, continuing to deliver against our core targets. We have also seen a myriad of new reporting requirements coming through, from the German Supply Chain Due Diligence Act to the Corporate Sustainability Reporting Directive and the Taskforce on Nature-related Financial Disclosure. It vital that as a business we are prepared for these changes and work is ongoing to ensure we are.

Across all pillars of the Force for Good programme there have been some amazing achievements; once again we have been recognised externally for our work as a Top Employer, and for our work on Diversity and Inclusion. For example we have been awarded a Stonewall Gold Award in the Stonewall Workplace Equality Index 2023, Investing in Ethnicity 'Exemplary Employer' status and Disability Confident 'Employer' status. This year we also continued our work on being a menopause-friendly employer. We are committed to consistently communicating our Workplace Guide to Menopause to teams across the Support Centre and Operations. The guide is now available in six languages to reach as many teams as possible.

We continue to deliver an outstanding apprenticeship programme and are also determined to do more; following on from our work with Derwen and Hereward colleges, this year we announced an ambition to get 100 supported interns into paid employment from special needs educational establishments every year.

We raised nearly £2.4m for Great Ormond Street Hospital Children's Charity as part of our commitment to fundraise for the new Children's Cancer Centre at GOSH and we continue to donate hours to local charities whenever we open a new site.

Our charity work continues to have impact beyond local communities and even borders; this year we have partnered with humanitarian aid charity Hope and Aid Direct to donate and convoy up to 2,000 mattresses to support people impacted by the war in Ukraine. This follows the 50,000 duvet and pillow sets donated last year. And after successful trials of local bed donations we are now trialling donations to the Multibank charity which helps donate furniture and materials which are no longer needed to those experiencing furniture poverty in the UK.

Highlights from Responsibility, our environmental pillar, include gaining Science Based Targets initiative (SBTi) accreditation for our net zero targets, opening our first hotel designed with no connection to natural gas which runs entirely on renewable energy, continuing the trial of retrofitting older properties to be wholly renewable and progressing well on the roll out of water and gas-saving technology across the estate. You can find out more about all these initiatives and projects in our ESG report.

We have also faced some challenges. For example, our food waste target has required renewed focus and we have created a cross-functional working group to drive this forward over the coming year. And while we had planned to set biodiversity targets this year, we have decided to spend more time on detailed groundwork to ensure our targets are fit for upcoming reporting frameworks, as well as practical for our estate and teams. As part of this we have completed biodiversity mapping of over a third of our estate.

The work happening under Force for Good is the right thing to do, for our people, the environment and the communities we work in. We also know that it can bring commercial benefits, bringing value to the business though engagement and retention, making our guests feel good about their choice, and delivering cost savings through efficiencies. It is a brand differentiator and an advantage that I believe we can build upon. Force for Good ensures we are resilient and fit for the future, recognising the importance of responsible and ethical business practices and operating in a way that respects people and planet.

As we look forward to another year, I am excited about the impact and possibilities Force for Good will bring. Continuing to refine and prioritise among a widening set of ESG demands and collaborating with industry partners and expert organisations, will be vital as we look to deliver our targets and efficiencies of scale. Continuing to empower our team members and colleagues to be a 'force for good' in their daily role will also be a key area of focus. Force for Good really is a team effort, and so I want to take the opportunity to thank every one of our colleagues, team members, suppliers and industry partners who work so hard to bring this to life.

Clare Thomas
General Counsel
29 April 2024

FORCE FOR GOOD: MATERIALITY

Our approach to double materiality

To support our Force for Good strategy, and in line with emerging requirements such as the Corporate Sustainability Reporting Directive (CSRD), this year we have started work on our first double materiality assessment.

Double materiality broadens the threshold for corporate sustainability reporting beyond issues that are 'material' to the business from a financial standpoint to give equal weighting to those issues that are material from an impact perspective. This impact materiality refers to the effect that the business operations have on the environment and society. This includes direct impacts as well as indirect impacts associated with its upstream or downstream value chain.

This assessment will not only prepare us for future reporting requirements but is key to informing our programme and supporting us in prioritising future activity in an ever-widening ESG landscape. It should ensure that we are focusing our efforts on the most material areas, to the business, society and to the environment.

FORCE FOR GOOD

Opportunity

A team where everyone can reach their potential with no barriers to entry and no limits to ambition.

Opportunity commitment	Related target(s)	Performance in 2023/24
We will be for everyone, championing inclusivity and driving diversity	To have greater diversity in our UK leadership population[1], with a target of 40% female representation and 8% ethnic minority representation by the end of 2024	**39.8%** female representation **9.1%** ethnic minority (Asian, black & mixed ethnicity)
Through our apprenticeship programmes, we will support our people to find and develop their hospitality careers	Number of completed apprenticeships in 2023/24 in the UK	**340** apprenticeships completed this year
We aim to promote internal succession above external recruitment and will support our teams in this endeavour	% of salaried operations management promoted into role this year in the UK	**60%**
We will listen genuinely to our teams, ensuring that their views help inform decision-making	Shows % positive response to "Recommend this as a place to work"	**77.5%** UK Operations **71.3%** UK Support Centre **72.0%** Germany
We will support the physical, mental and financial wellbeing of our teams	Number of Mental Health First Aiders and Champions in the UK	**162**

1 Leadership population is defined by all roles at grades C20+ that are UK based.

We have continued to make good progress against our eight diversity and inclusion commitments which were set in 2020 and remain focused on improving gender and ethnic representation in our leadership group. External recognition for our D&I efforts continues to demonstrate that we lead the way across the hospitality sector. Alongside our continued Top 100 placing in the Stonewall 2023 Workplace Equality Index, we have also worked extensively on the Disability Confident scheme and were awarded Level 2 'Employer' status in January 2024. Removing barriers to entry and progression for those with disabilities has required a diligent review across our entire employee lifecycle and we take great pride in our level 2 accreditation.

Our four inclusion networks are now well established, supporting our communities and working closely with our D&I Centre of Excellence to drive policy change, ongoing education and training, and celebrations of events throughout the year.

As detailed in the Teams section of this report on pages 52 and 53 we offer a range of entry routes and paths to progression for our employees; apprenticeships continue to be a core part of our offer, available across all roles in our sites, and 340 people completed an apprenticeship with us in 2023/24. Our broad range of development programmes have enabled us to unlock opportunity for team members looking to build their career in hospitality and 60% of our salaried management roles in Operations were internal appointments in the last year.

We continue to take a holistic approach to the wellbeing of our teams, focusing on physical, mental, and financial wellbeing. Highlights in 2023/24 include a new digital app in conjunction with Hospitality Action, providing resources across a range of wellbeing topics to our teams, and the consolidation of our previous work on mental health with 162 colleagues now trained as Mental Health First Aiders or Champions.

It is vital at Whitbread that all our teams feel they can be themselves at work, regardless of how they identify. Our inclusive culture is a real area of strength and enables us to continue driving actions against our commitments into 2024/25 and beyond, rising to the ever-changing societal challenges and opportunities in representation and belonging.

More detail on our work around diversity and inclusion can be found in the dedicated **Diversity and Inclusion report**

FORCE FOR GOOD

Community

The community pillar is all about making a meaningful contribution to the customers and communities we serve.

Community Commitments	Performance in 2023/24
We will raise £3m each year for Great Ormond Street Hospital Children's Charity	£2.4m raised
For every new site, we will donate our time to actively supporting local community activity	1,384 hours donated to local community charities
We will strive to be a leader in our sector for delicious, appealing and healthier children's food	We continue to be a signatory of Peas Please and have been externally recognised for our children's menus
We will improve the nutritional value of our menu by continuing to reduce sugar, salt and calories 20% by 2024 salt reduction programme (Baseline 2017) 20% by 2020 sugar reduction programme (Food) 20% by 2021 sugar reduction (Drink) (Baseline 2015) 20% by 2025 calorie reduction programme (Baseline 2017)	19.8% salt reduction 24.1% sugar reduction 4.3% calorie reduction

We have continued our partnership with Great Ormond Street Hospital Children's Charity (GOSH Charity). We have committed to raise £20m, as a founding partner, to help build a world-leading Children's Cancer Centre at the hospital. This year we raised nearly £2.4m, bringing our running total to £6.8m of our £20m pledge. Team members from across both operations and support centre have been involved in a range of fundraising activities from skydives to skateboarding to marathons. A highlight in May was the Million Minutes campaign, an opportunity for team members to make personal pledges to improve their health and wellbeing. Team members across the UK took part in individual challenges or team activities equating to a million minutes benefiting their wellness and raising £100k.

Our partnership achieved Highly Commended recognition at the Corporate Engagement Awards for Most Effective Long Term Commitment and won the Best Partnership with a Children's Charity at the Better Society Awards. We are proud to have been in partnership with GOSH Charity for 12 years and have raised a total of £24.4m in that time.

In Germany this year, we raised over €907k for the national charity Children for a Better World e.V (CHILDREN). This brings our total fundraising to date to over €1.3m. The charity is dedicated to combating child poverty in Germany. CHILDREN uses donations from Premier Inn to provide disadvantaged children with warm, balanced meals every day. The funds raised also support projects that aim to promote everyday skills and participation, for example the 'Youth Helps' programme supports social projects set up by young people, thereby enabling and promoting their social commitment.

We continue to donate hours to community projects each time we open a new site and are always looking at other ways that we can support people in need. For example, we partnered with humanitarian aid charity Hope and Aid Direct to donate and transport 2,000 mattresses to support people impacted by the war in Ukraine. This follows the 50,000 duvet and pillow sets sent last year. We also started a trial with the Multibank charity to donate furniture that is no longer needed from our hotels to those experiencing furniture poverty.

Since 2015, we have continued to work to reduce the sugar, calories and salt in our meals while still serving delicious food. In recent years, we have integrated the independent children's nutrition assessments, Soil Association's 'Out to Lunch' rating and the Food Foundation's 'Peas Please' pledge into our Whitbread's Children's Food Standards policy as well as using the investor-focused Plating Up Progress benchmark as a framework for our strategy development.

FORCE FOR GOOD

Responsibility

Always operating in a way that respects people and the planet.

Responsibility Commitments	Performance in 2023/24
Whitbread's critical commodities will be accredited against robust standards (UK and Ireland) 100% cage-free status on all whole shell and ingredient egg by 2025 100% raw beef produced to a recognised farm assurance scheme 100% of whole fish served will be MSC or equivalent certified 100% of palm oil in own recipe product[1] will be RSPO certified by the end of 2025 90% of our cotton sourced as Better Cotton by 2025[3]	**100%** of whole shell eggs served are cage-free **75.2%** of ingredient eggs in our own recipe products[1] have cage-free status **100%** whole fish served is MSC or equivalent certified **100%** of our raw beef range is produced to a recognised farm assurance scheme in its country of origin **70.9%** of palm oil in our own recipe products is RSPO certified (mass balance/seg) We continue to work with Better Cotton to source our cotton more sustainably[2]
100% of our suppliers will be risk assessed for inherent human rights risk	**100%** of suppliers' risk assessed for human rights risks[4]
We will eliminate unnecessary single use plastic in the UK by 2025	We are now signatories of the UK Plastic Pact and are working to eliminate their identified 'problematic plastics' (read more in our ESG report)
We will not send any UK operational waste to landfill	**100%** of operational waste diverted from landfill
We will cut our food waste in the UK by 50% by 2030	**10.0%** reduction in food waste from our 2018/2019 baseline year
We will reduce Scope 1 and 2 emissions by 99.6% by 2040	**54.9%** Scope 1 and 2 intensity reduction from our 2016/2017 baseline year
We will reduce Scope 3 emissions by 90% by 2050	**34.7%** Scope 3 intensity reduction from our 2018/19 baseline year
We will reduce water use in the UK by 20% per guest by 2030	**10.1%** reduction in water use per sleeper from our 2019/2020 baseline year

1 Own recipe is where Whitbread owns the recipe of the product or dish.

2 Current year reporting not available, we will report on progress in 2024/25.

3 Relates to cotton in rented linen, 'guest buys the bed' and duvet and pillow purchases annually. Better Cotton is sourced via a chain of custody system of mass balance and is not physically traceable to end products.

4 Assessments are based on both the supplier's country of operation and associated sector risk. 100% of suppliers receive a country risk assessment but only suppliers over £10,000 in annual spend receive both assessments.

Having published our Transition Plan at the end of last year, we gained validation on our Scope 1, 2 and 3 targets from the SBTi in May 2023. We are now pushing ahead with the priority projects outlined within this as we work to reduce our emissions.

As part of this programme we opened our first all-electric hotel in Swindon in October 2023. This is our first hotel designed with no connection to natural gas and which runs entirely on renewable energy. This will be a blueprint for our new developments going forward and was recognised at the edie awards, winning the Built Environment Project of the Year Award. Alongside this we began work on retrofits to net zero on six sites, removing gas to enable them to run entirely on renewable electricity. We will take the learnings from these sites to inform our continued retrofit programme.

Another highlight from the year includes delivering a 10% reduction in water per sleeper against our base year. This has been achieved through the installation of more water-efficient shower heads and tap connectors, continued water stewardship programmes and a continued emphasis on leak detection and repair.

Read more on **our approach to Climate-Related Financial Disclosures** on pages 74 to 97

You can read more about all our targets and work to help protect the environment in our **ESG report**

RISK MANAGEMENT

Understanding and responding to risk

An effective and robust risk management process is integral to achieving our strategic priorities. Our success is underpinned by our ability to identify, manage and mitigate risk within our business.

We can never fully avoid or eliminate risk, which arises naturally from operational and strategic decisions taken. Instead, we must actively manage and harness risk as far as is practical, whilst pursuing our business objectives.

The Board has ultimate responsibility for risk management throughout the business and determines the nature and extent of the risks we are willing to take. Certain responsibilities, including overseeing the systems of risk management and internal control, have been delegated by the Board to the Audit Committee, which completes an annual review of the effectiveness of these processes. Our functional areas review both operational and strategic risks relevant to the achievement of their respective goals, reporting these to the Executive Committee and allowing effective risk management throughout the business.

A robust, top-down risk assessment is completed bi-annually to capture Board and Executive Committee views on the principal risks facing the business and our related risk appetite. This enables us to keep up to date with changes in our risk profile and adapt as necessary. Actions required to manage these risks are monitored and reviewed on a regular basis.

Risk management framework

"Our risk management process ensures that we are able to proactively identify and evaluate risks, and implement practical and pragmatic mitigations to reduce these to an acceptable level."

Hemant Patel
Chief Financial Officer

Risk identification

Our risk management process is maturing, with efficient and effective processes embedded across the business. This ensures that we are able to proactively identify and evaluate risks which may affect our ability to achieve our strategic objectives and strategy and implement practical and pragmatic mitigations to reduce these to an acceptable level.

Risks are often highly interdependent, meaning changes to one risk can affect multiple existing risks or result in new risks being created. Our Risk Working Group (RWG) is a collaborative forum, which includes organisation-wide representation across functions, allowing us to utilise insights from senior leaders to effectively monitor these interdependencies effectively and identify associated new risks. The RWG reports directly to the Executive and Audit Committees on risk management across Whitbread.

All principal risks are assigned to a member of the Executive Committee and this, combined with our robust three lines of defence model, helps to reinforce a tone of accountability throughout the business. Internal Audit constructs a risk-based audit plan, aligned to the principal risk register, to provide independent assurance over our highest-risk activities.

Risk appetite

Risk appetite is defined as the level of risk we are willing to accept in pursuit of our strategic priorities. The level of risk acceptable for principal and emerging risks is assessed on an annual basis by the Executive Committee and Board members, who define their risk appetite against key indicators including potential impact of risk, likelihood of risk, and ability to reduce risk through mitigation. This ensures alignment between our view of acceptable risk exposure and the strategic priorities of the business.

The Executive Committee communicates the appetite for risk, to embed this within our ways of working. Risk appetite is considered when making strategic or operational decisions regarding new opportunities for the business.

Emerging risks

Emerging risks are 'known unknowns'. Risk themes that we are aware of but do not yet have a clear view as to if or how the risk will materialise, with any impact to the business difficult to quantify.

The current pace of change and uncertainty driven by areas such as technology and geopolitics mean that effective identification and monitoring of emerging risks has never been more important in enabling proactive risk management. In order to identify emerging risks at the earliest opportunity, risk themes and trends from industry, professional bodies and peer networks are collated and reviewed at least annually by the Executive Committee and managed through the risk management framework as appropriate.

Uncertainty driven by global conflicts persists, with the most recent Israel-Palestine escalation and wider unrest in the Middle East, the continuation of the war in Ukraine and tensions between China and Taiwan remaining. Any number of these has the potential to disrupt the availability of key goods and services for our business, directly or indirectly. Despite increasing pressures, our international supply chain has proven resilient, with contingencies built into our processes to ensure we can continue delivering for our guests and team members. We regularly review continuity plans, especially around critical suppliers, whilst ensuring consideration of our ethical and sustainability targets.

The wider geopolitical landscape is also set for significant change in the year ahead, as almost half the world's population participate in a series of key elections. Whilst the results of the UK General Election may have the most obvious implications for Whitbread, the results of elections in many global powers such as the US, the EU, and those across our wider international supply chain could result in regulatory and policy change or stagnation. Changes are possible in a range of areas including wage rates, personal tax and allowances, governance and controls, external disclosure requirements, and sustainability targets. This level of uncertainty means the quantum and pace of change that could soon impact our operations is difficult to define.

Whilst we are currently managing the immediate need to staff our business effectively, younger generations are driving change in the workforce with new requirements and expectations. This includes the importance of a diverse and inclusive culture. Structurally, the labour base across the UK is shrinking, therefore competition for talent remains key. Our resourcing model has a specific focus on youth to ensure that we can remain an attractive employer to the future workforce, with investment in ongoing development, well-being and our diversity and inclusion strategy.

Updated risks

Internal and external factors, as well as continued uncertainty of key drivers, mean the nuances in the detail or our risks are constantly changing. Risk descriptions are periodically reviewed and updated to ensure they remain an accurate reflection of the risks faced by the business.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks

Risk	Key mitigations	
Uncertain economic outlook Uncertain UK & Germany economic outlook and the resulting impact on hotel market demand, recognising potential local political changes and the impact from wider macroeconomic trends and increasing volatility from geopolitical conflicts. This may result in softening and changeable demand, continued weak public and consumer confidence; reduced international travel; structural inflation widely impacting our cost base across wages, utilities, food costs and construction materials; leading to an inability to meet customer demand. Overall, this may result in declining cashflows, significant supply chain disruption, impact on property valuations, increasing quantum and cost of borrowing, and place undue strain on the Group's balance sheet.	• We currently have a strong balance sheet, with substantial liquidity and a large freehold property base, giving us the option to raise additional funds by entering into sale and leaseback agreements, if required. • We continue to make good progress with our efficiency programme and rolling utilities hedging, to offset inflationary and demand-led pressures, and maintain rigorous discipline over our capital spend and costs. • We continue to execute our strong commercial strategy, designed to increase market share and financial returns through execution of several commercial initiatives. • Our rigorous business planning process considers many scenarios and appropriate responses, always seeking to drive increased returns and create value for shareholders.	**Link to strategic priorities** **Risk appetite** N/A **Movement vs prior year**
Cyber and data security Businesses continue to be subject to continuously evolving methods of cyber-attack. Data breaches or operational disruption caused by malware such as ransomware, can result in a loss of revenue, brand trust, regulatory fines and have an adverse impact on the Company's share price.	• We have a specialist team and mature information security management in place with a wide range of proactive and reactive security controls including up-to-date antivirus software across the estate, network/system monitoring, and regular penetration testing to identify vulnerabilities. • All IT change and engineering has information security built in by design. • A continuous security improvement programme is in place, with regular internal and external independent review of the control effectiveness and maturity. • Our mature risk process and proactive threat modelling and monitoring allow us to identify and address threats at the earliest opportunity. • We have solid compliance foundations across all countries for data protection, and effective collaboration between the Information Security and Data Protection teams exists to minimise risks and ensure compliance with GDPR.	**Link to strategic priorities** **Risk appetite** Low **Movement vs prior year**

Strategic priorities

See pages 16 and 17

Grow and innovate in the UK

Focus on our strengths to grow in Germany

Enhance our capabilities to support long-term growth

Movement vs prior year

Lower

Higher

Level

Risk	Key mitigations	
Strategic business change and interdependencies Unable to successfully deliver major transformational programmes particularly under time bound pressures and realise benefits due to the high volume of change. This particularly refers to estate optimisation and the execution of our Accelerating Growth Plan at a significant pace, people related technology, upgrading and securing our systems networks across the estate and other commercial optimisation projects whilst embedding new ways of working having successfully delivered new CRM technology. This risk is elevated for the next six to 12 months due to the dependencies across programmes; the extent of the impending changes across a significant part of the estate; the speed of change and operational impact and recognises the significant investment in technology over the next five years.	• To help ensure successful delivery of the change projects, we have enhanced internal project delivery expertise and capability with a robust assurance management framework. • This framework is coupled with regular reporting, cross-functional forums such as technical committees and the Risk Working Group, and clear escalation channels to the Executive Committee. • Our mature and independent programme assurance plan ensures aligned assurance provided with subject matter experts used to provide external insight. • We engage with a range of specialist change and technology third parties to gain expertise and insights.	**Link to strategic priorities** **Risk appetite** Medium **Movement vs prior year** Increase in likelihood due to critical dependencies and the volume and pace of programmes
Germany profitable growth Uncertain German economic outlook or failure to achieve a flexible operating model, impacting our ability to build the Premier Inn brand, deliver market growth assumptions and drive out targeted level of return in a timeframe that satisfies shareholder and analyst expectations whilst recognising the significant amount of capital now invested. Some counterbalance with increased opportunity to acquire sites due to competitor weakness.	• We are able to use the deep level of skills and experience used to build the UK business, coupled with our strong development team and new leadership in country, which is able to perform detailed and ongoing assessment of the German market and economic fundamentals at both a micro and macro level. • Focus continues to be on the development of our strong organic and small M&A growth pipelines, to become the number one hotel brand in Germany. • We reduce capital costs through better buying power and harness efficiencies and synergies with the UK business.	**Link to strategic priorities** **Risk appetite** High **Movement vs prior year**

Strategic priorities

See pages 16 and 17

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Movement vs prior year

Lower

Higher

Level

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Key mitigations	
Increased and extended focus on food and beverage proposition in restaurants There is a risk that the divergence in performance of accommodation and food and beverage drives an increased focus on restaurants by the business to adequately provide a solution that satisfies any investment required in a short timeframe. The branded restaurant market continues to be highly competitive with headwinds from inflation and cost-of-living impact on demand yet to be fully understood. Therefore, any strategic options could be highly complex and sensitive to resolve requiring key input from senior management. Disruption for the Premier Inn customer across the change and final proposition could negatively impact RevPAR. This also highlights an opportunity to focus on the value-led consumer and continue to benefit from the Premier Inn customers to drive incremental RevPAR.	• We have developed a detailed change programme to implement our Accelerating Growth Plan that aligns to our strategic objectives whilst continuing to maintain and develop positive relations with all stakeholders. • New menus and propositions have been launched, including revenue opportunities from focusing on daypart trading, premiumisation and improvement of guest experience by integrating ground floor spaces. • We harness better buying with supply chain and procurement targets. • We are always considering how best to serve our customers with extensive market research and customer feedback. • Our periodic rejuvenation of our brands and their associated marketing ensure we optimise spend. This includes specific brand-led initiatives and focus on key events throughout the year.	**Link to strategic priorities** **Risk appetite** High **Movement vs prior year** Increase as we recognise the potential impact to the Premier Inn customer
Extended stagnation of the UK property market slows UK growth The stagnation in the UK market continues for longer than expected and impacts our ability to maintain the UK pipeline, putting pressure on our returns and UK growth in subsequent years. This is driven by the slowdown in developer-led opportunities due to weak sentiment and possible fall in value of land; construction inflation; increased cost of debt; and investment yields. Whitbread could potentially take on a risk premium to acquire sites by assuming a future value from sale and leaseback arrangements. Opportunities may become available as less competition to buy land and to build out or developers may look to release properties in the short term.	• We have a strong balance sheet that we can use to access a wide variety of different property-related opportunities. • Our strong financial covenants make us more attractive to investment funds as a preferred hotel tenant. • We have a robust capital investment framework with updated analysis including yield ranges (+/-50bps), coupled with an experienced and well-networked property team to support decisions. • We perform continual monitoring of the market with sale and leaseback yields tested regularly. • Our committed pipeline remains solid with 6,795 rooms and 38 hotels over the next 3 years.	**Link to strategic priorities** **Risk appetite** Medium **Movement vs prior year** Increase reflecting current forecasts and uncertain timeframes for any property market recovery

Strategic priorities

See pages 16 and 17

- Grow and innovate in the UK
- Focus on our strengths to grow in Germany
- Enhance our capabilities to support long-term growth

Movement vs prior year

- Lower
- Higher
- Level

Risk	Key mitigations	
Talent attraction and retention Structural changes to the macro labour market remain challenging but stable for recruitment and retention, with hot spots in specific roles and geographies such as chefs and housekeeping along with real cost-of-living pressures that impact hospitality disproportionally. Significant organisational changes drive uncertainty and job security which impacts Support Centre engagement whilst there is a focus on delivering strategic priorities. This may also impact external public sentiment and attraction to Whitbread, meaning we have access to a smaller talent pool and low levels of diversity in the senior leadership team, putting pressure on cost inflation and potential disruption. In addition, following a long period of senior leadership stability more recent changes are felt more acutely especially during high levels of business change.	• The success of our business would not be possible without the passion and commitment of our teams. Team engagement is fundamental. We monitor this closely through our annual engagement survey and invest in ongoing development, wellbeing and engagement, along with driving our diversity and inclusion strategy. • We have invested significantly in our Direct Hire Resourcing team, as well as optimising the model and we continue to drive employer brand presence with a specific focus on youth. • Team retention is a key component of our WINcard and Annual Incentive Scheme, with long-term incentive schemes in place for senior team members. • We have focused reviews of remuneration in key areas each year and regularly benchmark our reward packages against the market to ensure these remain attractive.	**Link to strategic priorities** **Risk appetite** Medium **Movement vs prior year** Reduction due to gradual stabilisation of labour market and materialisation of benefits from recruitment and retention strategies
Third-party arrangements and supply chain rigour Whitbread has several key supplier relationships that help ensure the efficient delivery of our multi-site and Support Centre operations, including IT, food and beverage, distribution, and laundry services. Withdrawal of services for one or more of these suppliers, provision of services below acceptable standards, or reputational damage as a result of unethical supplier practices could cause significant business interruption.	• We continually review our preferred supplier partnerships and business continuity arrangements. Business continuity plans are in place for critical suppliers, whilst enhanced supplier performance monitoring allows proactive action when required. • We expect our suppliers' practices to be in line with our values and standards. Suppliers are thoroughly vetted before we enter into any arrangements to ensure they are reputable and then monitored through our supplier management arrangements. • We have evolved our international sourcing strategy, exploring additional capacity in China, whilst also focusing on local suppliers and utilising the Germany warehouse.	**Link to strategic priorities** **Risk appetite** Medium **Movement vs prior year**

Strategic priorities

See pages 16 and 17

Grow and innovate in the UK

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Enhance our capabilities to support long-term growth

Movement vs prior year

Lower

Higher

Level

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk	Key mitigations	
Brand strength and customer demand Brand oversupply, new budget competitor brands and threat of disruptors in particular focused on consumer demand and Premier Inn brand strength which exploit current consumer price sensitivity due to the cost-of-living crisis resulting in a loss of market share. The combined impact of these factors presents a risk to returns and cash flow. This is somewhat tempered by the slowdown in the property market which reduces the opportunities for competitors to increase capacity.	• We perform extensive top-line scenario modelling, fed by regular competitor and market analysis, allowing us to assess the impact of various structural shifts on the business and enabling us to make informed decisions going forward. • Our customer and trading committees track metrics, including BrandIndex, NPS and customer satisfaction, and feedback to supplement all decision-making. • We continue to focus on market share trading initiatives and perform deep dive reviews into the impacts of key competitors to our business. • There is an established commercial and customer plan to address the brand oversupply risk and we continuously monitor site specific performance trends.	**Link to strategic priorities** **Risk appetite** Low **Movement vs prior year** New
Health and safety Death or serious injury arising from company negligence or a significant failure resulting from food, in particular the risk from allergens, fire, terrorism or another significant safety failure. This could be due to a failure in safety standards, supply chain provenance, responsible sourcing or poor hygiene standards, or a direct targeted terrorism attack, all of which could lead to adverse publicity, loss of revenue, brand damage and a sudden or prolonged downturn in demand in key markets and locations.	• The safety of our guests and employees is of paramount importance. NSF, an independent company, undertakes unannounced health and safety audits on sites that cover food, fire, and general health and safety requirements. Compliance with these requirements is incentivised as part of site WINcard measures. • We have robust fire safety policies, procedures and training for our team members, and work closely with independent fire safety consultants regarding fire safety in our hotels. • We have stringent food safety and sourcing policies with robust traceability and testing requirements, including the independent audit of key suppliers in our supply chain. We invest considerable resources into employee training along with allergen information, which is made easily accessible both online and at sites. • Regular health and safety updates are provided to the Risk Working Group, Executive Committee and Board. • We invest in ongoing site level training to help identify hostile reconnaissance activities and to ensure we have an appropriate response should such events take place. The executive team also holds crisis management exercises to ensure we are prepared for such events.	**Link to strategic priorities** **Risk appetite** Low **Movement vs prior year**

Strategic priorities

See pages 16 and 17

Grow and innovate in the UK

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Movement vs prior year

Lower

Higher

Level

Risk	Key mitigations	
Environmental social and governance As a business we have an impact on and can be impacted by environmental issues such as inability to meet carbon targets and potentially increasing taxes, potential long-term water shortage or natural resource scarcity, diverse local communities and changing social trends such as veganism; significant volume of regulatory change and compliance requirements. Uncertainty as to how these collective risks will evolve and the expectations of our wide stakeholder group to deliver on our commitments and embed them within our business model, could impact our reputation and performance. Within our supply chain the risk of an issue materialising which is unethical or lacks traceability could impact our sustainability credentials, whilst extreme climate changes resulting in failed crops and disruption may translate in to increased costs for our business.	• Our TCFD (Task Force on Climate-related Financial Disclosures) response helps us to identify and assess key risks, opportunities and impacts of climate change to the business. • Our Force for Good programme drives large aspects of our ESG agenda, with targets around emissions, food waste and single-use plastics, ensuring our accountability for positive change. • We continue to manage and monitor the use of proceeds against the projects outlined in our Green Bond framework with an independent review performed of our Green Bond credentials. Proceeds have been allocated against our green energy, sustainable procurement, and green building projects. • We champion inclusivity and improving diversity across the organisation and have set eight diversity and inclusion targets to ensure our teams feel supported and engaged as part of this process. • Regular ethical supplier audits combined with our responsible sourcing policies and initiatives ensure ethical end-to-end buying.	**Link to strategic priorities** **Risk appetite** Medium **Movement vs prior year** Slight increase due to uncertainty and approaching regulatory deadlines

Strategic priorities

See pages 16 and 17

Grow and innovate in the UK

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Movement vs prior year

Lower

Higher

Level

VIABILITY STATEMENT

The UK Corporate Governance Code 2018 requires that the directors have considered the viability of the Group over an appropriate period of time selected by them. The business planning process, which is reviewed by the Board, as part of the strategic planning process, is over a three-year timeline. The Board acknowledges that, despite the improved performance of the business, in the current environment, the certainty of those plans, taking account of the potential fluctuations in the global economy and the impact on competitor and customer behaviour, is not certain.

The directors, in making the assessment that three years was appropriate, considered the current financial and operational position of the Group and carried out a robust assessment of the principal risks and uncertainties facing the Group as outlined on pages 66 to 71 of the Annual Report. This review includes consideration of the potential impact of climate change and associated regulation across the viability statement period as well as other principal risks, specifically: uncertain economic impact, cyber and data security, strategic business change and interdependencies, and an extended stagnation of the property market that slows the Group's growth.

For the purposes of the viability assessment, the directors considered a downside scenario in which the UK is impacted by the uncertain economic outlook. In this scenario, the Group has sufficient liquidity to operate within its existing facilities.

Should the downside scenario on economic uncertainty be combined with other principal risks, the impact on the Group's financial position and the viability statement would be dependent on the Group's ability to access additional liquidity. Detailed consideration was given to the financing and other mitigating actions that could be taken, noting the potential to raise finance and access funds through the Group's valuable freehold estate. The directors believe it is reasonable to expect that the Group would have access to further financing and/or the ability to agree further covenant amendments.

The business's long-term strategy for value creation in the UK and internationally remains unchanged. The combination of compelling structural opportunities and the advantages of our unique operating model should enable the business to outperform in the UK, and take market share and capitalise on the material growth opportunity in Germany. These strong fundamentals, combined with an appropriate capital structure, should drive long-term value. Based upon this assessment, the directors confirm that they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.

Longer-term prospects

The sections Strategy in Action and Business Model in the strategic report describe how the Board has positioned the Group to take advantage of the growth opportunities in the markets in which the business operates and how the Company is positioned to create value for shareholders, over the longer term, taking account of the risks described in this section of the Annual Report.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

As the UK's largest hotel company, we have a responsibility to focus and lead on our most important people, social and environmental issues, which is why one of our Force for Good commitments is to ensure we always do business in the right way.

We aim to comply with the new non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. The below table, and the information it refers to, is intended to help stakeholders understand our position on these key non-financial matters. Our due diligence process is that each policy and standard is reviewed annually by the responsible party and updated accordingly to ensure it reflects up to date and accurate information. Further information on the various policies mentioned below and throughout the report can be found on our website at www.whitbread.co.uk/governance/reports-policies.

Reporting requirement	Policies and standards which govern our approach			See for additional information
Anti-corruption and anti-bribery	• Anti-Bribery Policy • Code of Conduct			• Corporate Governance, page 105
Employees	• Gender and Ethnicity Pay Gap Report • Health and Safety Policy – Statement of Intent	• Speaking Out Policy • Diversity and Inclusion Report		• Board Leadership and Company Purpose on page 104 • Force for Good, pages 58 to 63 • Section 172 statement on page 19
Corporate social responsibility	**Sustainability reporting** • 2023/24 Environmental, Social and Governance Report • TCFD reporting • Climate-related Financial Disclosure (CFD) • SASB reporting • CDP reporting **Environmental policies** • Premier Inn Environment Policy • Restaurants Environment Policy • Responsible Sourcing – Timber Policy	• Whitbread Responsible Sourcing – Packing Policy • Whitbread Responsible Sourcing Policy 2024 **Responsible Sourcing Policy** • Responsible Sourcing – Soy Policy • Responsible Sourcing – Cotton Policy • Responsible Sourcing – Cocoa Policy • Responsible Sourcing – Sugar Policy • Responsible Sourcing – Meat Policy • Responsible Sourcing – Palm Oil Policy	**Animal Welfare** • Egg Track Report 2020 • Dairy Policy 2020 • Laying Hen Policy 2020 • Lamb Welfare Policy 2020 • Poultry Welfare Policy • Animal Welfare Policy • Beef Welfare Policy • Pig Meat Welfare Policy • Fish Policy	• Force for Good, pages 58 to 63, • Read the full reports on our website, www.whitbread.co.uk
Human rights	• Human Rights Policy • Disability Awareness • Equal Opportunities	• Human Trafficking Positioning Statement • Modern Slavery Statement	• Whitbread PLC Board Diversity Policy 2024	• Force for Good, pages 58 to 63, and sections highlighted with Force for Good logos
Privacy	• Customer Privacy Policy	• Data Protection Policy	• Employee Privacy Policy	
Social matters	• Gender Pay Gap Report • Responsible Sourcing Policy	• Diversity and Inclusion statement		• Force for Good, pages 58 to 63, and sections highlighted with Force for Good logos • Diversity and Inclusion targets and commitments, page 61
Description of principal risks and impact on business activity				• Principal risks and uncertainties, pages 66 to 71
Description of the business model				• Business model, pages 14 and 15
Non-financial performance indicators				• Our strategic framework, pages 16 and 17
Diversity and inclusion	As part of our Diversity and Inclusion commitments, we are undertaking regular reviews of our policies across Whitbread to ensure they are inclusive, particularly of under-represented groups. For further information, see page 61.			

CLIMATE-RELATED FINANCIAL DISCLOSURES

Minimising the impact of climate change

In another year where countless climate records have been broken, it is more important than ever that we minimise the impact of our business on the climate while preparing the business for the uncertain future climate change presents, considering both risks and opportunities for our business.

The following pages provide an overview of our climate-related risks and opportunities, and contain our responses to the 11 TCFD disclosures, as well as the Companies Act 2006 requirements (s414CA and CB).

Disclosure	Where we cover this disclosure	Pages	Alignment with CFD or Companies Act requirements
Governance: Disclose the organisation's governance around climate-related risks and opportunities.			
Describe the Board's oversight of climate-related risks and opportunities.	The Governance section describes the Board's oversight of climate-related issues, including the frequency by which the Board and other forums meet to discuss these issues and how it considers, implements and monitors progress against goals and targets.	See pages 88 and 89	(a)
Describe management's role in assessing and managing climate-related risks and opportunities.	The Governance and Risk Management sections describe management's role in the assessment and management of climate-related issues, including: assignment of climate-related responsibilities; the associated organisational structure(s); processes by which management is informed about climate-related issues; and how management monitors climate-related issues.	See pages 88–94	
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.			
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	The Strategy section sets out what we consider to be the relevant short, medium and long-term time horizons, together with a description of the specific climate-related issues potentially arising and their associated potential financial impacts on our business. A description of the principal risks and opportunities is also set out in the Strategy section. The processes used to determine which risks and opportunities could have a material financial impact on our business are set out in the Risk Management section.	See pages 77–86 and 92–94	(d), (e), (f)
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Within the Strategy section, we describe how climate-related issues serve as an input to our financial planning process, the time period(s) used and how these risks and opportunities are prioritised. Climate-related scenarios were used to inform the strategy and financial planning and such scenarios have been described in the Risk Management section.	See pages 77, 78 and 92–93	
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Within the Strategy section, we describe how climate-related issues serve as an input to our financial planning process, the time period(s) used and how these risks and opportunities are prioritised.	See pages 77 and 78	

Whitbread PLC has complied with the requirements of LR 9.8.6(8)R by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures save for Strategy Recommendation disclosure b) relating to quantitative climate-related scenario analysis. We disclose the work we have undertaken to analyse the relevant climate scenarios against each risk with the data available to us. We have found that much of the data we rely on for scenario analysis and quantification contains a wide range of assumptions and consequent uncertainties. While we continue to evolve our approach to the quantification of these risks, we look forward to the development of market regulatory frameworks that will establish more comprehensive datasets that, alongside improvements in our own data and understanding, will help improve our assessment of the resilience of our business under each climate scenario.

The climate-related financial disclosures made by Whitbread PLC comply with the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Disclosure	Where we cover this disclosure	Pages	Alignment with CFD or Companies Act requirements
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks.			
Describe the organisation's processes for identifying and assessing climate-related risks.	In the Risk Management section, we describe our processes for identifying and assessing climate-related risks, including how we determine the relative significance of climate-related risks.	See pages 92–94	(d), (c)
Describe the organisation's process for managing climate-related risks.	In the Risk Management section, we describe our processes for managing climate-related risks, including how we make decisions to mitigate, transfer, accept or control those risks.	See pages 92–94	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	In the Risk Management section, we set out how our processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management.	See pages 92–94	
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.			
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Within the Metrics and Targets section, we disclose the key metrics we use to measure and manage climate-related risks and opportunities.	See pages 95–97	(g), (h)
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Within the Metrics and Targets section, we provide our Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks.	See pages 95–97	
Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	Within the Metrics and Targets section, we describe our key climate-related targets, in line with anticipated regulatory requirements, market constraints and/or other goals.	See pages 95–97	

Important notice – basis of preparation

The reader should be aware that this report, and the information contained within it, are prepared on the following basis:

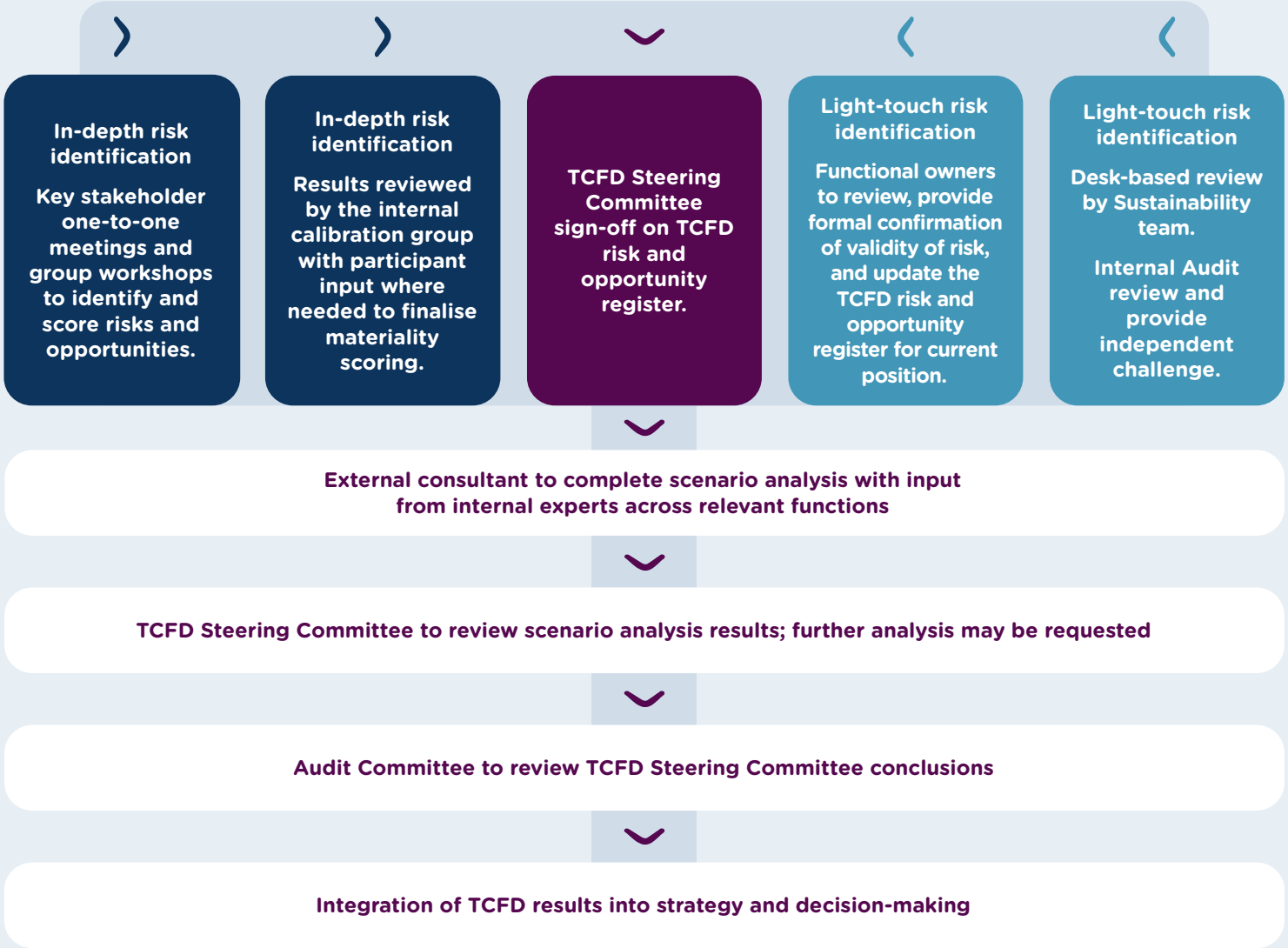
This Annual Report contains, in addition to financial information, non-financial information (NFI), including environmental, social and governance-related metrics, statements, goals, commitments and opinions. The NFI can be found throughout the report but mostly in the Force for Good section. NFI is prepared following various external and internal frameworks, reporting guidelines and measurement, collection and verification methods and practices, which are materially different from those applicable to financial information and are in many cases emerging and evolving.. NFI is based on various materiality thresholds, estimates, assumptions, judgements, and underlying data derived internally and from third parties. NFI is thus subject to significant measurement uncertainties, may not be comparable to NFI of other companies or over time or across periods and its inclusion is not meant to imply that the information is for any particular purpose or that it is material to us under mandatory reporting standards. NFI is for informational purposes only, without any liability being accepted in connection with it except where such liability cannot be limited under overriding provisions of applicable law.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Our approach to climate risk

In line with good practice, we are approaching our climate risk identification, scenario analysis and quantification on a two-yearly cycle. This infographic outlines the process we follow in relation to initial risk and opportunity identification each year.

This year we conducted an in-depth risk identification process, with detailed stakeholder consultations to refresh our list of risks and opportunities. Next year, we will take a lighter-touch approach to climate risk and opportunity identification, sense-checking our list from this year and confirming the continued relevance of the risks and opportunities.



Strategy

This section sets out the actual and potential impact of the principal climate-related risks and opportunities on our business, strategy and financial planning.

While changes associated with the transition to a lower carbon economy present risks, they also create opportunities for those organisations that focus on climate change mitigation and adaptation solutions. Whitbread's approach to responsible business, integrating sustainability throughout our business strategy and ensuring that this is embedded across all functions and teams, not only helps to minimise our impacts on the world's climate but also reduces our vulnerability to climate-related risks. For example, we are in the process of updating a number of our key responsible sourcing policies, working closely with teams across the business to ensure they are aligned with the most recent knowledge and understanding. This year, our near-term and net zero carbon emissions reduction targets received SBTi validation, confirming they are in line with a warming scenario of 1.5°C. Our Net Zero Transition Plan, published in May 2023, sets out how we will achieve these ambitious targets, including through our retrofit programme. We have so far begun work to retrofit six existing sites with air source heat pumps, gaining valuable learning and experience as we roll this out more widely.

We are also very clear on the areas where we need to do more. Where beneficial, we have developed external partnerships and worked with subject matter experts to help us improve our processes and ensure that we are optimising both our supply chain and our operations.

For example, we are currently carrying out an assessment of the embodied carbon within our construction and redevelopment of hotels, with a view to developing a strategy for reducing the lifecycle carbon in our buildings – something that is increasingly required as part of planning permission processes. For this highly technical and fast-moving area, we have commissioned external experts to help us understand current status and likely evolutions to establish a baseline and set targets that will challenge us to do business better.

How we assess future implications of potential climate change

Scenario analysis is a critical tool to understand how climate change will affect our business and is key to ensuring our disclosures are as comprehensive as possible. This year, we have used the REMIND-MAgPIE model, developed by the University of Potsdam, as the basis for our climate scenario analysis. The model is focused on energy economics and the impact on agricultural supply chains, which are particularly relevant for Whitbread due to the reliance of major parts of the business (food and beverage, cotton, timber) on agriculture. This was therefore considered more appropriate for use than the Network for Greening the Financial System (NGFS) model which was used previously, which was primarily developed for financial institutions.

Details as to how we identify, assess and manage climate-related risks are set out in the Risk Management section of the report.

We categorise climate risks into two types:

Transition risk

- Policy, regulatory and legal changes
- Technology shifts
- Changing market demand

Physical risk

Acute: event driven, e.g. extreme weather, flood risk

Chronic: longer-term shifts in climate patterns, e.g. sustained higher temperatures

Timeframes

Whitbread's standard risk management framework does not apply a strict timeframe; however, the guidance is to consider risks in the context of the five-year business plan. Given that, in most cases, climate-related risks are likely to materialise over a longer period, a different approach was necessary to provide meaningful results.

When considering climate-related risks, Whitbread has considered risk review timelines alongside strategy review timelines and has categorised short, medium and long term to mean the following timeframes:

Short-term:	Medium-term:	Long-term:
0–2 years	2–5 years	5+ years

Strategy continued

How we assess future implications of potential climate change continued

We analysed each identified risk using three reference scenarios: early, smooth transition; late, disruptive transition; and business as usual. These are described in the table to the right. These scenarios were selected in line with the TCFD guidance to include a range of scenarios, including at least one that results in 2°C or less of warming. The timeframe of 2050 aligns to the Paris Agreement and UK Government targets. The different scenarios present a variety of exposure levels to physical and transition risks over different timescales with sufficient granularity to effectively stress test strategy. They are also aligned to the reference scenarios used by the Bank of England in their analysis of the resilience of the financial system and are applicable in a business context, presenting a plausible range of possible trajectories.

Climate scenario parameters	Early, smooth transition <2°C	Late, disruptive transition <2°C	Business as usual, no additional action >3°C
Overview	Transition to a carbon-neutral economy starts early and the increase in global temperatures stays well below 2°C, in line with the Paris Agreement.	Global climate goal of keeping temperatures well below 2°C is met, but the transition is delayed and must be more severe to compensate for the late start.	Where no policy action beyond that which has already been announced is delivered, resulting in above 3°C of warming. Therefore, the transition is insufficient for the world to meet its climate goal.
Assumptions	There is early and decisive action to reduce global emissions in a gradual way, with clearly signposted government policies implemented relatively smoothly.	To compensate for the delayed start, a deeper adjustment is required, as evidenced by a steeper increase in global carbon prices in a late attempt to meet the climate target. Under this scenario, physical risks increase more quickly than in the early policy action scenario and transition risks are severe.	This scenario tests the organisation's resilience to both chronic changes in weather (e.g. rising sea levels) and more frequent and extreme weather events (e.g. flash floods). Therefore, under this scenario, there are limited transition risks, but physical risks are significant.
Global and regional temperature trends and frequency and severity of climate-related physical impacts	Global temperatures increase to between 1.5–2°C above pre-industrial levels. Increase in physical climate-related impact.	Global temperatures increase to between 1.5–2°C above pre-industrial levels. Increase in physical climate-related impact.	Global temperatures increase to over 3°C above pre-industrial levels. Significant increase in physical climate-related impacts resulting in damages, displacement and economic instability.

We have used each scenario to understand how our principal risks and opportunities present under the different parameters. As part of this process, we have assessed strategies which may be affected by climate-related risks and opportunities, how those strategies may change as a result and associated impacts on financial performance.

On an annual basis, the Executive Committee sets out its five-year financial business plan for approval by the Board. This was completed in December 2023. The Audit Committee approves Whitbread's risk management framework, which ensures that the material risks and opportunities to the business, including those related to climate change, are captured and updated appropriately. This holistic picture of risk is therefore incorporated into the financial planning process. The TCFD Steering Group forms part of the annual financial planning and budget process, ensuring the principal climate-related risks opportunities are taken into account.

A formal review of all functional risks occurs on a half-yearly basis, completed by business risk owners and facilitated by Internal Audit, with changes to environmental-related risks feeding into Whitbread's principal risk around ESG.

Key movements and themes from this review are highlighted and reported to the Executive Committee and Board as part of the biannual presentation of Whitbread's principal risks.

Whitbread has hotel operations within the UK, Ireland and Germany, and the three countries are considered to have similar risk profiles regarding the relevant (environmental) legislative and geographical make-up of these markets. Therefore, the differences are neither material nor relevant when assessing climate-related risks and opportunities at an overall business level and, equally, we do not believe that climate-related risks and opportunities can or should be broken down by regions within each country. Whitbread also has franchised operations in the Middle East, but due to the very small size of the business in the region, and as Whitbread holds a <50% stake, we have deemed it not relevant to include what would be very different risk profiles within this report and focused on our wholly-owned operations only. The Group only operates branded restaurants in the UK. Noting the nature of our hotel and our restaurant operations, similar risks exist across both and where there are specific significant risks faced by one of those sectors compared to the other, these are limited and identified in the following risk assessment.

Principal climate-related risks and opportunities

The principal climate-related risks are the most material climate-related risks identified over a short (0 to 2 years), medium (2 to 5 years) and long-term (over 5 years); as explained above, this is due to the longer term nature of many climate risks, beyond the five-year business planning cycle.

Overall, we do not believe the impact of climate change will be material for our business over the short or medium term. Over the longer term, impacts are harder to identify due to the timeframes and nature of risks, but at this point, we do not believe the impact of climate change will be material, at least over the initial years of this period. We have, however, identified the principal climate-related risks which could have a potential and material impact on the business. The risks and opportunities described on pages 80 to 86 were identified as most material to our business, through our process outlined on page 76. These risks were considered most material once current mitigating activity was taken into account; potential further activities to mitigate the residual risk were also identified. Each risk was analysed against the three climate scenarios and the potential financial impact of each risk went through a quantification exercise. However, as highlighted above, overall, we do not expect the results of climate change to be material for the Group in the short to medium term. The risk assessment and mitigating activity already in place has enabled us to review the resilience of our strategies and demonstrated that there is no immediate concern. Nonetheless, we recognise that as knowledge and understanding evolve and the climate situation changes, our exposure may change and as such we will continue to review, measure and update our assessment of these risks.

The business's structure, with direct, centralised control of its operations, makes Whitbread well placed to react rapidly to any emerging risks or opportunities.

Per our approach to risk and opportunity identification (see page 76), we undertake an in-depth assessment process every other year, with a lighter-touch desk-based review on the alternate years. This year, we conducted an in-depth risk and opportunity assessment, with internal cross-functional workshops and extensive discussions. To determine whether a risk or opportunity is material, it was assessed with a score between 1 (low) and 5 (high) for both likelihood and impact, in line with our risk management framework. A quantitative threshold was determined based on those two factors to determine which of the risks should be considered material. This materiality is not the same as financial statement materiality as set out on page 156. We considered these scores in two scenarios: firstly, the scenario where we do nothing to address the risks, and secondly, the 'net risk' once current mitigation programmes, plans and

processes we have in place are taken into consideration. We scored these risks without reference to specific time periods, given that the three climate scenarios considered will lead to varying conditions under which the risks present differently. By taking a threshold of materiality based on likelihood and impact and applying this to the risk once current mitigating activities are taken into account, this produced a list of the principal risks and opportunities that then went through scenario analysis and quantification as outlined on the next page.

The list includes just those risks for which the residual risk – the risk that remains once the existing mitigating activity, as listed in the table, is taken into account – meets an internal threshold for materiality. Lower-scoring risks have been included within Whitbread's risk register and continue to be monitored in case of changes but are not considered significant enough to warrant disclosure. There are a number of changes to the list of principal climate-related risks presented in Whitbread's 2021/22 and 2022/23 TCFD reports. These are due to a combination of changing geopolitical context and evolving understanding both of the risks that climate change presents and the impact on our business – particularly through increasing precedents (not necessarily climate-driven): for example, the supply chain issue driven by the war in Ukraine helped stakeholders to fully understand what future climate-driven supply chain issues could mean for the business. Each risk from previous years that had not been independently put forward during the workshops was discussed to confirm whether it had been omitted in error, and therefore should be included, or because it was no longer material to the business.

As mentioned above, these risks relate only to the operations that are wholly-owned by the Group (in the UK, Ireland, Channel Islands, Isle of Man and Germany), which are considered to have similar risk profiles regarding the relevant (environmental) legislative and geographical make-up of these markets. Therefore, the differences are neither material nor relevant when assessing climate-related risks and opportunities at an overall business level. Operations in the Middle East are Joint Ventures for which Whitbread holds less than a 50% stake and will therefore not be included in this disclosure.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Principal climate-related risks and opportunities continued

Risks table

Risk type and description	Risk sub-category (acute/chronic)	Existing and future potential mitigants	Notes on scenario analysis modelling
Physical risks			
Supply risk: Climate change leading to non-availability of goods (food and non-food) The Whitbread supply chain comes from a diverse, global network of suppliers, which experience varying impacts of climate change. The vulnerability and resilience of each country of origin differ. As such, climate change may lead to non-availability of both food and non-food, which may lead to increased costs to source alternatives and/or decreased quality.	**Chronic**	**Existing mitigant:** • Contract management framework for Tier 1 suppliers. • Business continuity plans. • Disaster recovery plans. • Responsible sourcing programme. **Future opportunities:** • Broadening out responsible sourcing/ procurement policies to also understand raw material suppliers' adaptive capacity alongside contingency plans in supply base. • Developing relationships and partnerships with suppliers.	An assessment has been made of the underlying resilience and vulnerability to interruption of supply (due to lack of availability) based on country of origin of suppliers using the Notre Dame Global Adaptation Initiative (ND-GAIN) dataset. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the long term.
Logistics risk within the supply chain The Whitbread supply chain comes from a diverse, global network of suppliers, which experience varying impacts of climate change. The vulnerability and resilience of each country of origin differ. Climate change, particularly extreme weather events, may disrupt the transport of goods throughout the supply chain, while localised extreme weather events may prevent deliveries to sites.	**Chronic**	**Future opportunities:** • Change logistics set up: satellite depots, infrastructure. • Following industry trends/guidance/ technology. • City centre consolidation options. • Align supplier geographical locations to consolidate site deliveries. • Reduce delivery days for products (e.g. laundry).	An assessment has been made of the underlying vulnerability to interruption to logistics (due to both acute and chronic events causing damage/interruption to infrastructure) using an assessment of the resilience and vulnerability of the logistics, based on country of origin of suppliers using the ND-GAIN dataset. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the long term.

Risk type and description	Risk sub-category (acute/chronic)	Existing and future potential mitigants	Notes on scenario analysis modelling
Customer dissatisfaction due to hot rooms As climate change leads to increased temperatures and more periods of prolonged heat, there will be greater demand for air conditioning. Air con is installed in the majority of our estate; ageing systems – and systems not designed to cool such great temperature ranges – may mean that where it is installed, it is inefficient in future warming scenarios. This may lead to customer dissatisfaction.	**Chronic**	**Existing mitigant:** • Air con R&M programme. • Providing alternatives to air con. **Future opportunities:** • Install air con in sites without air con. • Replace ageing systems at end of life with more efficient systems designed for higher temperatures. • Improved ventilation in properties.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the long term.
Sea-level rises Sea-level rises may lead to coastal flooding and coastal erosion and cause damage to our properties or put long-term viability of sites into question. This could result in increased repair or refurbishment costs to maintain the estate. It could also ultimately lead to sites becoming untenable and prompting the need to dispose of the sites for less than market value, negatively impacting our financial results and market confidence.	**Chronic**	**Future opportunities:** • Location selection of new properties.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the long term across all three scenarios.
Rising temperatures causing health and safety issues Increases in temperature make physical jobs such as housekeeping or kitchen roles more demanding and therefore less attractive. There may also be health and safety issues caused by heat stress. This could impact our recruitment and retention, which will ultimately lead to a lower-quality service for the customer. There are also potential impacts on construction – from extreme heat and other extreme weather conditions – which may delay construction of our buildings and therefore increase costs.	**Chronic**	**Existing mitigant:** • Air con in rooms. • High thermal insulation on new builds. **Future opportunities:** • Provide portable air conditioning machines. • Relax uniform policy. • Increased breaks.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the medium to long term.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Principal climate-related risks and opportunities continued

Risks table continued

Risk type and description	Risk sub-category (acute/chronic)	Existing and future potential mitigants	Notes on scenario analysis modelling
Physical risks continued			
Water supply Water is essential for both hotel guests and kitchens. If prolonged droughts threaten water supply, restrictions may be imposed or supply cut off altogether.	**Chronic**	**Existing mitigant:** • Water-saving devices on toilets, taps and shower heads currently being rolled out, with over 30,000 water-saving taps and shower heads installed to date. • Water stewardship works in a further 4,370 sites in partnership with wholesalers in areas of high water stress; and an increased emphasis on leak detection and repair across the estate.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the medium to long term.
Wild fire risk Prolonged heat and more frequent droughts will lead to greater incidence of wild fire. This may put our sites – particularly those adjacent to agricultural, forest or scrubland – at risk.	**Chronic**	**Future opportunities:** • Creating fire breaks around properties. • Location selection.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the business as usual scenario and its impact will be higher in the medium to long term.
Customer behaviour risk: Bad weather leading to cancellations As extreme weather (wind, rain, snow or heat) can disrupt transport networks, customers can't or don't want to travel, leading to cancellations. As this becomes more frequent, there may be a market trend to provide refunds for non-refundable bookings (such as what happened during a weather system that impacted the UK), reducing our revenues and profits.	**Chronic**	**Existing mitigant:** • Offering parking to guests unable to use public transport. **Future opportunities:** • Network Planning to select sites with a preference for multiple transport options.	A statistically representative sample of the portfolio of sites has been assessed for the physical impacts of climate change. From this assessment, we have made a probability-based assessment of the impact of this issue within our estate based on projected climate models. We have used existing/comparative events in our trading history to inform the likely impacts of such events. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is relevant across all three scenarios and its impact will be higher in the medium to long term.

Risk type and description	Risk sub-category (acute/chronic)	Existing and future potential mitigants	Notes on scenario analysis modelling
Operational risk: Increased electricity costs due to running air con/heating for longer Our response to changes in the climate will impact our energy use, through increased use of heating/air conditioning. In addition, energy markets will respond to the changes. This drives a direct operational cost increase, which reduces our profits.	**Chronic**	**Existing mitigant:** • Try to reduce costs by not pre-cooling the rooms, and by restricting the temperature they can cool too. • Closing blackout curtains. • Building to a higher specification, including high levels of thermal insulation. • Limiting thermostat temperatures in room – Building Management System (BMS) usage. **Future opportunities:** • Install PV Panels. • Site-level view of energy usage to permit better/more responsive management and interventions.	An assessment has been made of our forecast future energy usage under the building specification set out in our Net Zero Transition Plan, utilising publicly available forecasts of future energy price rises. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant across all three scenarios and its impact will be higher in the medium to long term. Linked to: Improving the fabric and operational efficiency of our buildings.
Transition risks			
Improving the fabric and operational efficiency of our buildings We may be required to improve the performance of our buildings in relation to operational carbon emissions to meet national and other net zero targets.	**Chronic**	**Existing mitigant:** • We published our Net Zero Transition Plan in May 2023. This sets out how we intend to retrofit our buildings to remove fossil fuels and includes other key initiatives required to meet our net zero target. • We have so far completed six sites, enabling us to build knowledge and experience both of the retrofitting process and the performance of the technology. Through this, we will implement our transition plan in the most cost effective and strategic way possible. **Future opportunities:** • Monitoring technological progress and innovations closely to identify new opportunities.	We have modelled the economics of implementing our Net Zero Transition Plan. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the early, smooth transition scenario and its impact will be higher in the short to medium term.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Principal climate-related risks and opportunities continued

Risks table continued

Risk type and description	Risk sub-category (acute/chronic)	Existing and future potential mitigants	Notes on scenario analysis modelling
Transition risks continued			
Customer risk: Changing dietary trends As awareness of environmental issues grows, consumer preferences for sustainable and eco-friendly food offerings may affect demand for traditional offerings. Customer diets may change, for example reducing meat or increased customers following vegetarian/vegan diets. Several of our brands are built around meat and may not align with what is perceived to be sustainable and may not appeal to customers wanting more vegetarian options.	**Chronic**	**Existing mitigant:** • Incorporate sustainability practices to align with changing consumer preferences. • Engage with supply chain partners to ensure they are also addressing climate risks. **Future opportunities:** • Further weaving the message through the brand – raising awareness of efforts. • Offering more plant-based and/or sustainable alternatives on our menu.	An assessment of the economic impact of serving expected changes in diets (based on IPSOS research) has been made. **Short, medium and long-term impacts:** Whilst further work is still required to more accurately quantify the risk impact, from our current assessment, we believe that this risk is most relevant in the early, smooth transition scenario and its impact will be higher in the long term.

Climate-related opportunities

Our Force for Good programme ensures sustainability is fully embedded throughout the business and climate-related initiatives are part of all teams' roles.

We recognise that being a sustainable business – part of which is recognising and addressing our climate impacts and dependencies – presents clear opportunities for us. We classify opportunities into three main categories: (i) market-related; (ii) operations-related; and (iii) reputation-related. We also recognise that many opportunities are closely linked to associated risks; this is highlighted in the table where relevant.

As with the principal climate-related risks, there are some changes in the list of opportunities presented, which is largely due to a better understanding of these opportunities and their potential financial materiality, therefore downgrading their assessment; we have only presented opportunities scoring above the agreed threshold for significance. However, a large number of identified opportunities will remain part of our ongoing climate risk and opportunity monitoring processes and will be considered next year during the TCFD process. In several cases, further granular detail of plans is required to assess the opportunities under different climate scenarios; these will be revisited next year once the necessary detail is available.

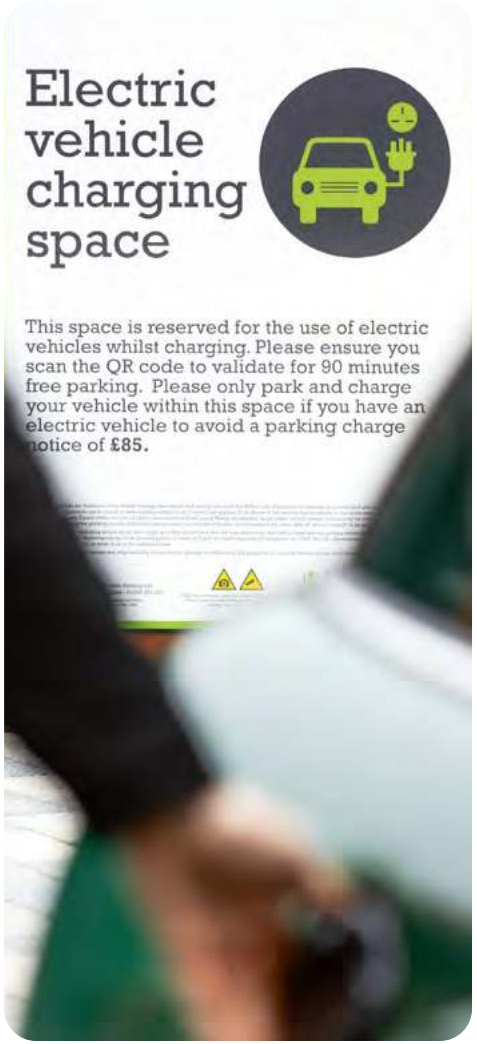
Opportunity table

Opportunity type and description	Context	Notes on scenario analysis	Current initiatives and future enablers
Reputation-related			
Being a leader in sustainability Using and communicating our leading Force for Good programme to attract business, particularly from B2B customers who may have preferential policies for those tackling key sustainability issues, in particular climate change.	B2B customers are setting net zero targets and within that ambitious supply chain (Scope 3) standards are being set. Organisations setting those targets will have a preference for purchasing from an organisation that has aligned targets/ambitions. Whitbread is well placed to take advantage of that market, as the owner-operator model ensures consistent and verifiable data is available for all sites and improvements can be implemented directly.	Whilst further work is still required to more accurately quantify the potential opportunity, from our current assessment we believe that this risk is most relevant in the business-as-usual scenario and its impact will be higher in the long term.	• Investing time in responding to the complex and varied scorings across the different B2B platforms to increase our share of the B2B market. • Better communication of our existing sustainability programme (in sites, through adverts, etc.) can enhance our reputation and make our business more attractive to all types of guests/customers, as well as potential staff.
Market-related			
Innovation and technological advancements Collaborating to develop solutions to our climate challenges.	Collaborating with local communities, environmental organisations, technology providers and industry peers can lead to shared best practices, innovative solutions tailored to our challenges and increased awareness of sustainable practices, with potential benefits for being an 'early adopter'.	Due to the wide variety of potential outcomes around this opportunity, it was not possible to confidently assess short, medium and long-term impacts. Whilst this opportunity was not able to be quantified, we believe that this opportunity is most relevant in all three scenarios and its impact will be higher in the long term.	• Investing in sustainable technologies, such as energy storage systems, can position hospitality businesses at the forefront of innovation and attract tech-savvy customers. • There may be financial opportunities and reputational benefits by being an 'early adopter' or supporting the development of tailored solutions to our challenges.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Climate-related opportunities continued

Opportunity table continued



Opportunity type and description	Context	Notes on scenario analysis	Current initiatives and future enablers
Market-related continued			
EV chargers Increasing availability of EV chargers for guests.	The main opportunity for revenue generation from EV charging lies in fast charging. However, this option is not viable for Whitbread as the customer is less likely to use the location; instead, Whitbread sites are more suited to lower kW capacity and longer-stay chargers because of the overnight stay creating an extended dwell time. While this typically creates a less attractive commercial opportunity, there is potential for increased RevPAR due to availability of chargers, which will be further explored. Installation of EV chargers is facilitated by Whitbread's owner-operator model.	Whilst this opportunity was not able to be quantified, we believe that this opportunity is most relevant in the early, smooth transition scenario and its impact will be higher in the medium to long term.	• Currently developing a strategy for EV charging; once available, this will enable this opportunity to be better understood.
Increase in domestic holidays Increase in leisure customers who are choosing to holiday locally, either because of climate concerns or because of increased costs associated with overseas travel.	Continued increase in consumer 'staycation' trend, with 78% of UK adults intending to take an overnight domestic trip in the next 12 months, up from 69% a year earlier. The proportion of UK adults who stated a preference for taking a domestic holiday over traveling overseas increased from 31% last year to 34% this year, giving reasons such as ease of planning, cost and simpler travel arrangements[1].	Whilst this opportunity was not able to be quantified, we believe that this opportunity is most relevant in all three scenarios and its impact will be higher in the long term.	• Dynamic marketing strategy in place and will continue to be in place in order to respond to changes in customer demand (Rest Easy campaign).

1 Travel Weekly Insight Report 2024 (produced in association with Deloitte) https://cdn-travelweekly.azureedge.net/asset/wtpf191.

Testing the resilience of our strategies

The TCFD disclosure process continues to provide us with further opportunities to test the resilience of our strategies to climate change with extensive cross-functional input. It also means we can continue to evolve and identify the potential impact of climate-related issues on our financial performance and position. We will continue to monitor this as part of our governance structure to ensure the strategies remain resilient. Please see the Governance section for further details.

Through this process, we believe we are well placed to manage the risks associated with the transition to a low carbon economy and to take advantage of the significant opportunities it creates.

Whitbread's in-depth scenario analysis, using available data as well as the growing number of precedents from other companies, permits a good understanding of the climate risks and opportunities and how they will present under the different climate scenarios. As we have seen, the list of principal risks has evolved since 2022/23 to reflect our own understanding, changes in scientific knowledge on climate change and changing geopolitical context. This demonstrates the responsiveness of our processes to change and the value in conducting this exercise annually. Extensive discussions around current and future mitigating actions have also improved our understanding of where we could potentially build further resilience into our strategies – even over the course of just two years, innovation and technological advancements mean new options are available to us – and it is important to ensure we stay abreast of these. Nonetheless, the results of the scenario analysis have demonstrated that each of our strategies is resilient and can therefore be delivered. Several mitigants have already been identified, some of which will require a change in how we execute our strategy as and when those mitigants need to come into effect. Where required, strategies have already been adapted to ensure resilience is maintained.

We conduct an annual materiality assessment and trends review which gives us confidence that we are addressing the most material sustainability issues for our business. This year, as our sustainability journey evolves, we have started conducting our first double materiality assessment, which creates a framework for us to recognise both how climate change could affect our business and how Whitbread's operations could impact the environment. Double materiality is also an important step in our preparation for reporting against the International Sustainability Standards Board (ISSB) and Corporate Sustainability Reporting Directive (CSRD) over the coming years.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Embedding climate change into our governance structure

How we identify, assess and manage climate-related risks and opportunities

Effective corporate governance is critical to executing our strategy and delivering for all of our stakeholders. Our governance of climate and sustainability-related matters reflects our commitment to strong leadership and oversight by senior management and the Board, ensuring that there are strategies in place which are resilient to climate-related risks.

Governance structure

Governance of climate and sustainability-related matters is overseen by the Whitbread PLC Board (the 'Board') and is embedded throughout the organisation at multiple levels, helping to ensure that responsibility for delivery sits where it makes the most difference.

Whitbread PLC Board

Ultimate decision-making body sets strategy and approves targets.

Audit Committee aids Board in overseeing risks, including ESG risks, with a focus on the risk process and the control environment.

Nomination Committee ensures the Board composition has the necessary balance of skills, knowledge and experience, including those related to ESG issues.

Remuneration Committee aids the Board in ensuring that ESG is appropriately reflected in our reward structure.

Executive Committee

Whitbread's day-to-day leadership team oversees sustainability delivery.

General Counsel is the Executive Committee member primarily accountable for sustainability.

Sustainability Working Group

Day-to-day management of sustainability issues, including climate.

Sustainability team

Sets the strategy and oversees the incorporation of sustainability into Whitbread's business practices.

Ensures that, through the business lines, climate change risk is tracked and tested to ensure strategies remain resilient to climate change.

Collects and reports on ESG and climate-related disclosures, working closely with relevant departments across the business.

TCFD Steering Group

Cross-functional representation provides oversight and drives implementation of the TCFD recommendations and wider climate strategy.

Development of climate risk governance, stress testing methodologies and carbon modelling.

Delivery throughout all business lines – making the most difference

HR and Reward
Oversight of people strategy assessment for reward and remuneration (including core ESG metrics).

Internal Audit
Monitors and reports to Audit Committee on risks, including climate risk.

Finance
Sustainable Finance Committee sets financial targets.

Sustainability
ESG direction and support delivery, reporting and assurance of targets.

Property and Construction, Repairs and Maintenance
Green buildings, embodied carbon, energy efficiency.

Procurement
Renewable energy and gas supplier, innovation, Scope 3.

Supply Chain Logistics
Climate and sustainability considerations, Scope 3.

Network Planning
Location, climate and sustainability considerations.

Operations
Operational delivery of our ESG targets.

Board oversight of climate-related issues

Whitbread PLC Board

The primary objective of the Board is to create and maintain the long-term prosperity of the Group for the benefit of all its stakeholders. The Board sets the strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of strategic, financial, regulatory and/or reputational significance. This includes oversight of ESG matters and ensuring that strategies are resilient to climate-related risk. Sustainability, including climate-related issues, is an important consideration for the Board when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, as well as setting the organisation's performance objectives. Sustainability is included in the objectives of senior management, as outlined in the directors' remuneration report. This includes KPIs linked to year-on-year carbon and water reduction targets.

The Board holds eight scheduled meetings per year during which the Board's Committees also meet. At two of these meetings each year, the Board is taken through the strategy behind the sustainability programme, the associated targets, achievements and key priorities, for discussion and approval. In addition, at each meeting, the General Counsel delivers an update to the Board, including, where relevant, progress against goals and targets for addressing climate-related issues.

Key developments are also highlighted for discussion at upcoming Board meetings and presented in reports as required.

The Audit Committee

The Audit Committee monitors and recommends Whitbread's controls and financial, operational and legal risk appetite. It also oversees conduct and compliance. Sustainability, including climate-related issues, is an important part of this process. In 2023/24, the Audit Committee received presentations on and discussed regulatory risk relating to sustainability and the integration of ESG factors into the Company's risk management processes. ESG was included in the Group risk management process and was formally reviewed twice each year by the Audit Committee as part of its half-year and full-year reviews. The Audit Committee is also responsible for reviewing and approving this TCFD disclosure and for reviewing the process of assurance over the financial and non-financial information disclosures in respect of ESG.

The Nomination Committee

The Nomination Committee ensures that the composition of the Board reflects the necessary balance of skills, knowledge and experience, including those relevant for ESG matters. Six out of ten directors have ESG experience. Experience of managing ESG issues is one of our Board member considerations.

The Remuneration Committee

The Remuneration Committee ensures that ESG is adequately reflected within our reward structures and monitors performance of senior management against these key performance indicators (KPIs). ESG has been part of our incentive programme for some time and, in 2023/24, ESG measures account for 10% of the maximum achievable under the Chief Executive's Annual Incentive Scheme. These measures include progress against our carbon and water reduction target. In the same way, ESG measures also form part of the Annual Incentive Scheme for other senior Whitbread employees, e.g. Executive Committee members. ESG measures are also incentivised both through individual objectives and through the WINcard (Whitbread In Numbers – a balanced scorecard to measure progress against key performance targets). The WINcard applies to all Whitbread employees, thereby ensuring a focus on specified ESG matters throughout the Company, and has historically focused on energy reduction targets. The WINcard for 2024/25 includes KPIs related to the Group's carbon reduction target from both an operational level and support centre level.

Management oversight and functional groups

The Executive Committee

The Executive Committee is Whitbread's day-to-day leadership body and is accountable to the Board. Its meetings are attended by the Whitbread Chief Executive Officer (CEO), Chief Financial Officer, General Counsel, Managing director UK Hotels and Restaurants, Group Operations director, Chief People Officer, Managing director Property, Chief Executive Officer Germany and Chief Commercial Officer. It meets fortnightly and is chaired by the CEO. It has authority to manage the day-to-day operations of the Group's businesses, with the exception of those matters reserved for the Board, within the financial limits set by the Board. The Committee's responsibilities include: formulation of strategy for recommendation to the Board; ensuring those strategies remain resilient to climate-related risks; monitoring operational and financial performance; risk management; and sustainability. Managing our sustainability, including climate-related issues, is an important role performed by the Executive Committee and includes formulating, implementing and monitoring strategy (including resilience to climate-related risks), major plans of action, risk management policies, annual budgets and business plans, as well as setting the organisation's performance objectives, monitoring implementation and performance and overseeing major capital expenditures, acquisitions and divestitures. During the past financial year, the Head of Sustainability presented five sustainability updates to the Executive Committee. Sustainability is included in the objectives of senior management, over which the Board has oversight: for example, relevant sponsorship or accountabilities relating to our net zero carbon target. Clare Thomas, General Counsel, is a member of the Executive Committee and has responsibility for the Group's sustainability programme, Force for Good. Clare joined Whitbread in June 2023, bringing extensive ESG experience and passion from previous roles. The Executive Committee meetings include a review of climate strategy and progress against stated targets. This review forms part of the General Counsel's report to the Board on sustainability matters. Each year, a materiality assessment is completed across our businesses when key external trends affecting those businesses (including climate-related risks) are identified. The climate strategy is then revised and proposed to the Executive Committee, together with goals and targets. Such revisions are designed to deliver progress against the strategy and are accompanied by the action plans to deliver on these strategies. This is then reflected in financial planning. Outside of this annual materiality cycle, periodic updates are provided to the Executive Committee and specific issues discussed, as required, including ensuring strategies are resilient to climate-related risks. In 2023/24, updates have included subjects such as biodiversity, carbon emissions reduction and SBTi target validation, water reduction, responsible sourcing and how we are progressing with our community and colleague-focused initiatives.

Sustainability Steering Committee

The Sustainability Steering Committee (SSC) is a multidisciplinary group responsible for overseeing the Company's response to sustainability risk, opportunity and communication and providing oversight, coordination and for delivery of key programmes and initiatives against key FFG targets, as approved by the Executive Committee. Meeting at least quarterly, the Committee develops recommendations for our response to emerging risks, opportunities and legislation and provides quarterly consolidation of decisions and actions to be updated and reported internally. The SSC is chaired by the General Counsel and includes representation from Investor Relations, HR, Operations, Brand, Property and Procurement, as well as including three representatives of the Executive Committee.

Sustainability team

The Sustainability team is led by the Head of Sustainability, Will Silverwood, and is responsible for setting the overarching sustainability strategy, designing the framework to deliver our ESG programme, embedding processes across the business where it can make the most difference and supporting internal stakeholders to deliver against these targets. Our sustainability strategy covers a wide range of issues and delivers against stretching targets. Responsibility for delivery against those targets is managed day to day by the departments most aligned with the core impact measures. The team oversees efforts across the business to incorporate sustainability into the Group's business practices and recommends environmental sustainability objectives and strategy to the Executive Committee. The team also oversees the development of our corporate sustainability disclosures, including this TCFD disclosure, and monitors climate-related issues. The Head of Sustainability reports directly to the General Counsel, forming part of the our governance structure, ensuring consistency with how we apply our climate programme across the individual brands and ensuring accurate and timely monitoring of climate-related issues. The Head of Sustainability presents directly to the Board on the Force for Good programme biannually, including climate targets and plans, and meets regularly with the CEO and other business leaders. The Head of Sustainability also advises on the development of climate risk governance, stress testing methodologies and carbon modelling and leads the Sustainability Steering Committee, which meets at least quarterly to oversee and provide support for key sustainability targets.

See our ESG report for more details
www.whitbread.co.uk/ESG-2023/24

TCFD Steering Group

This group is chaired by the Chief Financial Officer with representation across various functions in the business and meets biannually. It provides oversight and drives implementation of the TCFD recommendations and wider climate strategy. The Steering Group works with subject matter experts across the organisation to oversee the development and implementation of mitigating activities and planning against key risks and opportunities.

Risk Working Group

The Risk Working Group supports the Executive Committee by reviewing the methodology for identifying and assessing both emerging as well as principal risks, including climate-related risks, and reporting on the approved position. The General Counsel and Head of Sustainability are members of this group.

Sustainable Finance Committee

The Sustainable Finance Committee, chaired by the Chief Financial Officer, meets not less than every six months and is responsible for overseeing the management and allocation of funds associated with the Group's Green Bond.

Functional delivery of our sustainability programmes

Responsibility for delivering our sustainability strategy, which is closely integrated into wider business strategy, is embedded across functions within the Group. Our sustainability targets and requirements are managed and shared through clear and timely communications across relevant business functions as outlined in the opposite table and also through the continuous involvement of the Sustainability team. This ensures that responsibility for delivering our sustainability strategy rests in those parts of the organisation which can make the most difference. All team members are encouraged to take part in charity fundraising as a core part of the 'community' pillar of our Force for Good programme. Whitbread has a 'Raise and Match' scheme to bolster and support site-level fundraising, and customers are also encouraged to donate through booking platforms and at sites.

HR and Rewards	Is responsible for the Opportunity pillar of our Force for Good programme, which includes training and development, wellbeing and diversity and inclusion. Sustainability and climate-related issues form part of reward and assessment within Whitbread. The HR and Rewards functions work with the Sustainability team to ensure that the Board's strategy in this area is translated into clear and measurable targets together with appropriate and aligned incentives.
Finance department	Sets financial targets which reflect the implementation of climate-related initiatives, including energy efficiency measures, and approves and sponsors capital expenditure to help reduce energy consumption. Our sustainable finance strategy is governed by the Sustainable Finance Committee, which is chaired by the Chief Financial Officer. Other members of this Committee include the General Counsel, the Group Commercial director and MD Premier Inn and Restaurants UK, the Head of Sustainability and the Group Operations director. The Committee is supported by members of the Sustainability team, the Finance team, the Property and Construction team and the Procurement team, as appropriate.
Procurement team	Has responsibility for procuring gas and renewable energy, and oversees the day-to-day management and implementation of all responsible sourcing policies and strategies. The team engages with suppliers on innovation to address efficiencies and climate change issues: e.g. more efficient grills in our restaurants driving down both emissions and cost. It works closely with the Sustainability team to ensure climate and broader sustainability requirements in tendering and purchasing are set, monitored and addressed and that material commodities (including cotton, meat, palm oil and timber) are sourced to internationally recognised sustainable certification standards.
Supply Chain team	Is responsible for procuring and managing logistics, engaging with suppliers on innovation to address efficiencies and climate change issues. It works closely with the Procurement team and Sustainability team to address Scope 3 targets and ensure sustainability requirements in tendering and purchasing are set, monitored and addressed.
Operations team	While we have central control of our energy at site level through our automation first approach, the delivery of our sustainability initiatives and achievement of our targets will always depend largely on those operating our sites on the ground. Our Operations team is supported and incentivised to ensure they are implementing responsible energy management behaviours across our hotels and restaurants. Our Operations team also bears primary responsibility for sites' waste generation and therefore for achieving our food waste reduction target.
Construction team	Manages a broad range of construction issues, including sustainability, compliance and opportunities, both in new builds and refurbishments, including 'green builds', designed to increase energy efficiency.
Repairs and Maintenance team	Is responsible for keeping our estate in good condition. Sustainability compliance and opportunities are key elements to ensuring maximum energy efficiency and the team sponsors the capital expenditure for energy efficiency and water-saving projects.
Internal Audit	Monitors risk, including climate-related risks, reporting into the Audit Committee.
Network Planning	Looks at the hotel network plan to ensure we have hotels in the right locations in consideration of a number of factors, including climate change impacts, such as flood risks.
Food Safety and Integrity Steering Board	Looks at sustainable menu strategy, which includes climate-related considerations, as well as other core elements of food safety and integrity. This also includes our food waste reduction programme.

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Risk management

Climate risk management framework

We recognise the importance of effective identification, assessment and management of climate-related risks and opportunities. We deal with risk on a daily basis. The ability to identify, understand and manage risk has always been critical to our long-term strength and stability.

Our risk management framework sets out: (i) the processes we have in place to identify and assess climate-related risks; (ii) how we monitor and manage those climate-related risks; and (iii) how these processes are integrated into our overall risk management framework. As mentioned above, risks and opportunities are identified at a Group level and refer to wholly owned operations in UK, Ireland, Channel Islands, Isle of Man and Germany due to their similar risk profiles.

Whitbread's risk management framework sets out:

(i)
the processes we have in place to identify and assess climate-related risks;

(ii)
how we monitor and manage those climate-related risks; and

(iii)
how these processes are integrated into Whitbread's overall risk management framework.

The processes we have in place to identify and assess climate-related risks

Climate-related risks, along with other risks associated with our core sustainability strategy, are monitored and managed through the sustainability risk register. The risk register identifies both inherent risk and residual risk levels whilst considering any mitigating activity across the business.

Each climate-related risk is allocated a clear business owner who, together with the Head of Sustainability, works to ensure effective mitigating activity is maintained. Progress is monitored and reported to the Internal Audit team on a regular basis.

The potential for further mitigation and responses to opportunities emerging from each risk are also identified by both the risk owner and Head of Sustainability. These are then built into annual objectives and strategy.

The Sustainability team considers existing and emerging climate change regulatory requirements, using both the team's and external advisers' expertise, through both internal and external horizon scanning workshops and regular meetings. Information on emerging requirements is cascaded directly to relevant teams through cross-functional meetings as part of our standard risk management process to assess impacts on the Group. If impacts have potential to be material, they are put forwards for inclusion as an emerging risk (see risk identification section on page 76).

Climate scenario analysis is a useful tool for informing strategy and planning in response to potential impacts from climate-related risks, as well as supporting financial planning under different climate futures. Scenario analysis relies on pre-defining a range of plausible future pathways that are driven by climate-related physical and socioeconomic impacts. As the range of potential future scenarios is almost infinite, it is important to align scenario development with industry standards and best practice. To support our decision making in the context of a changing-climate, we undertook a climate scenario analysis exercise aligned to the TCFD recommendations, using a model developed by the University of Potsdam, called MAgPIE, which is used by a wide range of businesses due to its focus on energy economics and the impacts on agricultural supply chains. These are particularly relevant for the Group due to the reliance of major parts of the business (food and beverage, cotton, timber) on agricultural supply chains. Details of the climate scenario analysis process are provided below.

The approach applied to this assessment is to derive a probability-based projection of the position that Whitbread would be in at or around 2050, or, where related to transition risks, along the way to 2050 where costs are incurred.

The process followed overall can be summarised as:

1. **Risk/opportunity identification (completed by Whitbread)**
2. **Exposure mapping/ measurement**
   a. Conceptual considerations
      i. Is the risk better to assess 'top down' or 'bottom up'?
      ii. What risk mitigation is already present?
      iii. How much is the risk unique in its impacts; do we need to factor the results of another risk into the quantification?
   b. Data needs
      i. What are the risk drivers?
      ii. How is vulnerability assessed?
      iii. How is exposure assessed?
   c. Modelling
      i. A model for each risk is built.
3. **Economic modelling**
   a. Where relevant, presentation of the risks in the format of an impact over time is summarised.
4. **Risk management**
   a. An assessment from Whitbread is required to determine if the assessments are representative of their operations and whether they are considered financially material (and therefore require disclosure).

Results of the scenario analysis

The results of the analysis indicate that the highest short-term price and cost changes can be expected under the early, smooth transition climate scenario in association with a near-term transition to a low carbon global economy. Conversely, highest damage costs are expected under the business as usual climate scenario as global warming increases the frequency of physical climate risks occurring which in turn will have significant societal, environmental and economic impacts across the globe.

Although the scenario tracker tool indicates that at the global scale, a high-end warming scenario is currently most probable, increasing climate policy action is being undertaken at national and regional scales, which will increase the potential for transition risk occurrence. Climate scenario analysis has become a valuable component of the TCFD recommendations and has been used to better understand the financial implications of key climate-related physical and transition risks under a range of climate scenarios.

However, there are several limitations to scenario analyses. It is impossible to encapsulate all potential future pathways with a limited suite of defined scenarios, and the true pathway may unfold outside the ranges considered. In addition, at the time of analysis, not all value drivers identified for individual risks could be modelled robustly using existing datasets. We remain committed to reviewing and improving our TCFD-aligned climate scenario analysis work over time. To ensure that we are able to robustly quantify the impacts of climate-related risks and opportunities as part of our next TCFD report, we have identified key gaps and challenges from the process this year and are using these to develop a clear action plan and timeline.

How we categorise, monitor and manage climate risks

We categorise climate risks into two types and identify a number of factors arising from climate change which we monitor over the short, medium and long term. Details as to how we manage these through our governance framework are set out in the Governance section.

Transition risk

Typically managed by:

- Sustainability team monitors legislative landscape and emerging trends and advises the Executive Committee and Board.
- Proposition, Brand and Property teams manage our response.
- Supply Chain, Operations and other departments implement requisite changes.

Physical risk

Typically managed by:

- Safety and Security team and Repairs and Maintenance team manage this with support from Operations.
- Network Planning and Property and Construction team for future-proofing our estate and also Supply Chain and Procurement for managing the impact on global supply chains.

When considering climate-related risks, we have has categorised short, medium and long term to mean the following timeframes:

Short term: 0–2 years

Medium term: 2–5 years

Long term: 5+ years

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Risk management continued

How these processes are integrated into Whitbread's overall risk management

Climate-related matters are considered as part of the Group's risk management process and included in the sustainability risk matrix. Climate-related risks are prioritised through this process, which determines how to mitigate, transfer, accept or control such risks. The processes for prioritising climate-related risks are also determined, including how materiality determinations are made across the Group. The Board has ultimate responsibility for risk management and the risks that we are willing to accept to achieve our objectives, including risks related to climate change.

The risk management framework and the processes in place to manage risks are overseen by the Audit Committee. In assessing the Group's risk appetite, the Board reviews the five-year business plan and the associated strategic risks. Risk appetite for specific risks, mainly of a financial nature and related to capital risks, is determined within specific Board-approved policies, including the delegation of authority. Climate-related risks are discussed in these forums.

The Board reviews the risk profile of the Group and discusses risk appetite twice each year. This is reported and disclosed in the Annual Report and in the half-year Interim Statement, mapping the Group's principal risks to the relevant mitigating actions in order to generate a matrix that summarises the Group's overall risk profile. TCFD reports are reviewed by the Audit Committee. Specific risks are then discussed with either the Board or the Audit Committee.

Further details are set out on pages 66–71 of this report

Our Risk Management team forms part of the internal TCFD Steering Group and, as such, is closely involved in the work undertaken to identify and assess exposure to physical and transition risks over the short, medium and long term.

Since 2021, the process includes the above climate scenario analysis, supported by external climate change experts. Key risks and mitigations, highlighted through functional risk registers, are reviewed and categorised as either risks to the successful delivery of strategic goals or key operational risks at least biannually and the Executive Committee completes more detailed investigations into specific risks.

The Group's principal risks are disclosed within our Annual Report. As part of this risk assessment process, the potential financial impact on the business income statement and balance sheet is evaluated. We also consider the potential for brand or reputational damage, legal repercussions and operational disruption or loss of service.

Evolving our approach

We continue to evolve our approach to climate-related issues, ensuring that our strategy is robust and resilient in ever-changing environments, and that sustainability is integrated throughout.

Our risk management processes continue to identify new and emerging risks, and these are included as they arise within our risk management framework, further details can be found on pages 66–71. We believe we are well-placed to manage the risks associated with the transition to a low carbon economy and to take advantage of the significant opportunities such a transition creates. We will continue to monitor scientific developments around climate change to help us adapt our response.

Our metrics and targets

We have been measuring and reporting performance against our ambitious sustainability targets for many years.

We have a number of publicly stated targets which are directly relevant to our management of climate risk, including our SBTi-validated emissions reduction targets, food waste target and water reduction target (see pages 57–63 and see our ESG report for more information). These targets have been developed through materiality assessments and stakeholder engagement to ensure they are addressing our most material issues, risks and opportunities. As well as publicly stated, long-term targets, we set annual internal targets in order to build a delivery plan and ensure that progress against longer-term goals is tracked. These annual targets are then incorporated into both individual and Company-wide annual objectives, which, in turn, are captured within the Group's remuneration policies.

We use a number of climate-related metrics for measuring performance against these targets, which have been reviewed against the metrics and targets section in the TCFD all-sector guidance. This year, carbon reduction metrics, in line with our net zero target, and water reduction metrics were included in our executive remuneration package as part of the ESG performance measures, which represent 10% of the Annual Incentive Scheme, and also our Operational Incentive Scheme through our WINcard system. Progress against targets and goals is reported annually to the Board and through the Annual Report. Annual disclosures made in our ESG report and Annual Report and Accounts regarding our carbon emissions enable performance against our emissions reduction target to be monitored and reported.

To achieve our SBTi-validated net zero and near-term targets, we published our first Net Zero Transition Plan in May 2023. This sets out our journey to net zero through three key steps: reducing our energy demand, moving to renewable sources of energy and removing or offsetting any residual emissions.

All of our targets, programmes of implementation and progress against them, including assurance statements, are outlined in our ESG report. Our reporting is aligned with the requirements of the Sustainability Accounting Standards Board (SASB). Key metrics are independently assured to ISAE 3000 standard, in compliance with ISQM1 as the new quality assurance standard.

Our full assurance statement can be found on page 149–152

Read our ESG report online
www.whitbread.co.uk

CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

Our metrics and targets continued

Risk/opportunity	Relevant targets/metrics
Supply risk: • Climate change leading to non-availability of goods (food and non-food). • Logistics risk within the supply chain.	Scope 3: We will reduce our Scope 3 carbon emissions by 58.1% per m² by 2030 and 90% per m² by 2050 from a 2018/19 baseline year.
Increased costs or changing customer behaviour as a result of extreme weather events including: • Customer dissatisfaction due to hot rooms; • Sea-level rises; • Rising temperatures causing health and safety issues; • Water supply; and • Wildfire risk.	Water: We will reduce our water use per sleeper by 20% by 2030. Cotton sourcing: We will source 90% of laundered cotton to Better Cotton standards by 2025. Other metrics are under development.
Customer risk: Changing dietary trends.	Metrics not yet available.
Operational risk: Increased electricity costs due to running air con/heating for longer.	Metrics not yet available.
Improving the fabric and operational efficiency of our buildings	Scopes 1 and 2: We will reduce Scopes 1 and 2 emissions by 84.1% per m² by 2030; reduce Scopes 1 and 2 emissions by 99.6% per m².
Being a leader in sustainability	Scopes 1 and 2: We will reduce Scopes 1 and 2 emissions by 84.1% per m² by 2030; reduce Scopes 1 and 2 emissions by 99.6% per m². Scope 3: We will reduce our Scope 3 carbon emissions by 58.1% per m² by 2030 and 90% per m² by 2050 from a 2018/19 baseline year. Food waste: We will reduce food waste by 50% by 2030, from 2018 baseline.
Innovation and technological advancements	Metrics not yet available.

Metrics, targets and methodology to calculate/estimate:	FY22/23 position	Progress this year	Future plans
Scope 1 and Scope 2: We will reduce Scopes 1 and 2 emissions by 84.1% per m² by 2030; reduce Scopes 1 and 2 emissions by 99.6% per m² by 2040 from a 2016 baseline year (cross-industry, climate-related metric category: GHG emissions). We report on emissions from all categories in Scope 1 and 2, including: • carbon emissions from direct gas, electricity, district heating and LPG usage; • carbon emissions from owned transport; and • fugitive emissions from refrigerant gas (A/C and commercial refrigeration). We use the greenhouse gas protocol methodology to calculate the emissions footprint. Conversion factors are taken from the latest DEFRA/DECC guidance on company reporting, as this is in line with all previous voluntary reporting conducted by the Company.	51.3%/m² reduction Absolute: 73,181 tCO_2e	54.9%/m² reduction Absolute: 71,372 tCO_2e	Continued roll out of net zero retrofit programme; exploration of decarbonisation options with GXO (e.g low emission fuels / vehicle electrification); continued roll out of water-saving measures; continued conversion of company car fleet to electric.
Scope 3: We will reduce our Scope 3 carbon emissions intensity by 58.1% per m² by 2030 and 90% per m² by 2050 from a 2018/19 baseline year. Categories included: 1a, 1b, 2, 3, 4, 5, 6, 7, 15. We uses the greenhouse gas protocol methodology to calculate the emissions footprint.	37.5%/m² reduction Absolute: 406,775 tCO_2e	34.7%/m² reduction Absolute: 447,510 tCO_2e	Full strategy development and supplier engagement programme.

1 Subsequent to the publication of our 2022/23 footprint a discrepancy in Scope 1 data was identified and we have amended our 2022/23 Scope 1 and 2 footprint.

2 Subsequent to the publication of our 2022/23 footprint a discrepancy in Scope 3 was identified and we have amended our 2022/23 Scope 3 absolute emissions number from 468,025 to 406,775.

Metrics, targets and methodology to calculate/estimate:	FY22/23 position	Progress this year	Future plans
Food waste: We will cut food waste by 50% by 2030. This target is from a 2018 baseline year and calculated by weight in tonnes. This target is for the UK only, as Whitbread does not operate branded restaurants in Premier Inn Germany and the food offering in German sites is limited. Food waste originates, and will be measured, from GXO depot sites and all Premier Inn hotels and branded restaurants in the UK (Premier Inn, hub by Premier Inn, Thyme, Zip, Beefeater, Table Table, Brewers Fayre, Bar + Block, Whitbread Inns and Cookhouse and Pub brands). This includes owned and operated and landlord sites. Food waste is defined as food which cannot be used and therefore ends up in our waste channels. Food waste in our operations can be found in two locations: • restaurants, including back of house food waste and customer plate scrapings from restaurant sites; and • GXO depots, including food which never reaches the hotels or restaurants due to being damaged, nearing sell-by dates, or not needed. **Exclusions:** • No drinks from site waste are included in the measurement. • Food which is donated to our charity partners is not included as that is not considered wasted food. • Non-consumables such as cleaning products are not included. Our waste provider takes actual weights wherever possible at the point of collection from the site. If food bins cannot be weighed then the following data hierarchy is followed: • actual weights; • site average; • estate average; and • contracted weight. 20% of general waste at sites is assumed to be food waste, so as well as the total tonnes of food waste, the restaurant totals also include 20% of all general waste.	11.88% food waste reduction from our base year.	10.02% food waste reduction from our base year.	Continuation of cross-functional working group. Trials with key partners to be implemented. Detailed analysis of drivers of food waste; strategy developed and being implemented to address these.
Water: We will reduce our water use per sleeper by 20% by 2030. This is calculated through analysing water consumption at each site against sleepers. Consumption data will be obtained from the following hierarchy: • automated meter readings; • smart meters; • visual reads; and • estimations where no meter reads available based on historic data (depending how recent data is available); interventions in place to reduce consumption.	N/A, new target just set.	10.1% water reduction per sleeper from our base year.	Continuation of programme.
Cotton sourcing: We will source 90% of laundered cotton to Better Cotton standards by 2025. Calculated on a calendar year and relates to cotton in rented linen, as well as guest duvet and pillow purchases annually. Better Cotton is sourced via a chain of custody system of mass balance and is not physically traceable to end products.	52.4% of our cotton sourced as Better Cotton.	Not available, will report on progress in 2024/25.	Continuation of programme.

The strategic report on pages 2 to 97 was approved by the Board and signed on its behalf by Clare Thomas, General Counsel on 29 April 2024.

Corporate governance at a glance

During the year, we were fully compliant with the provisions of the 2018 UK Corporate Governance Code (the 'Code').

Highlights 2023/24

- Introduction of new Whistleblowing service provider for UK, overseas and third parties.
- Appointment and induction of new General Counsel and Company Secretary, Clare Thomas, and non-executive director, Shelley Roberts. Read more on page 114.
- Updated the Whitbread Code of Conduct.
- Reviewed and updated the Whitbread Dealing Code, along with the introduction of a new permission to deal mobile app.
- Conducted a comprehensive internal Board evaluation. Read more on page 112.
- Updated the Company's articles of association, which were approved by shareholders at the 2023 annual general meeting.

Priorities for 2024/25

- Continue full compliance with the Code provisions and work to ensure compliance with the new UK Corporate Governance Code 2024.
- Support and oversight of the growth of the business in both the UK and internationally.
- Review and act on the recommendations from the internal Board evaluation. Read more on page 113.
- Progress towards meeting the FCA diversity targets.

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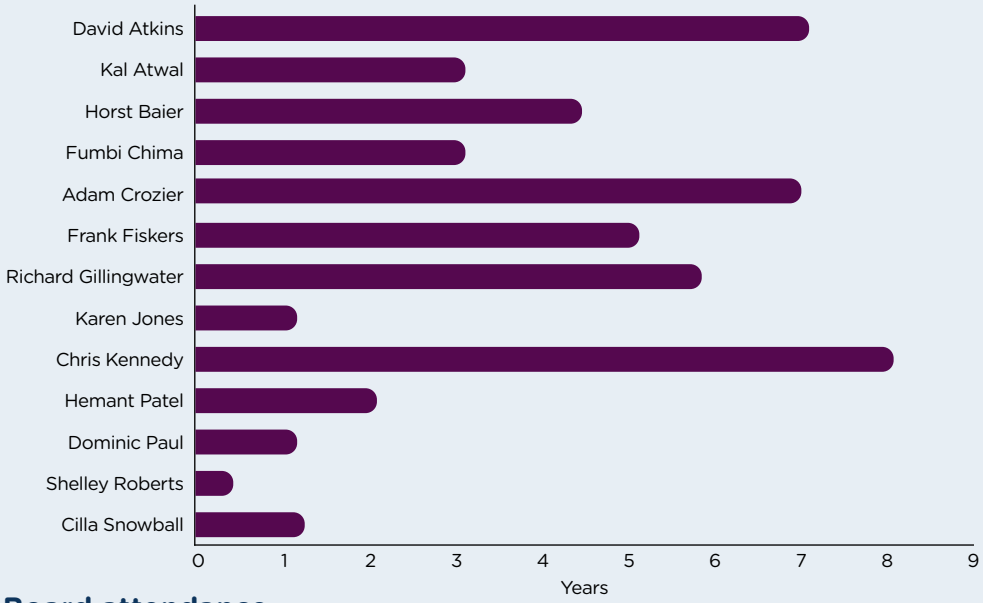
Board tenure

The length of time each of the directors has served on the Board at the date of the report, is shown below.



Board attendance

Name of director	Meetings	Attendance %
David Atkins	8	100%
Kal Atwal	8	100%
Horst Baier	8	100%
Fumbi Chima	8	100%
Adam Crozier	8	100%
Frank Fiskers	8	100%
Richard Gillingwater	8	100%
Karen Jones[1]	7	88%
Chris Kennedy	8	100%
Hemant Patel	8	100%
Dominic Paul	8	100%
Shelley Roberts[2]	2	100%
Cilla Snowball	8	100%

1 The one meeting Karen Jones was unable to attend was due to a prior commitment before joining the Board.

2 Shelley Roberts was appointed to the Board on 1 November 2023.

Board focus areas

The chart below demonstrates the proportion of the Board's time spent in each area.

Strategy and growth	**26%**
Performance and operations	**24%**
Financial performance	**21%**
Risk management	**12%**
People	**9%**
Corporate governance	**8%**

Board experience

The Board comprises directors with a broad range of skills and experience. The chart below provides an overview of the experience around the Board table.

Financial	**9**
Consumer/retail	**9**
Travel and hospitality	**7**
Digital	**7**
Corporate transformation	**6**
International	**7**
Commercial property	**5**
HR	**10**
ESG	**7**

Gender diversity

The chart below shows the gender split of the Board.

Men	8	**61.5%**
Women	5	**38.5%**

Ethnic diversity

The chart below shows the ethnic diversity of the Board.

White	10	**76.9%**
Asian	2	**15.4%**
Black	1	**7.7%**

CHAIRMAN'S STATEMENT

Our governance framework

Adam Crozier
Chairman

I am pleased to present this year's Board report on the Company's compliance with the UK Corporate Governance Code.

As you will see in the following pages in this report, we have made changes to the way this section is reported this year. While the Corporate Governance Code 2024 (the 'New Code') released in January this year does not apply to Whitbread until our 2025/26 reporting year, we have endeavoured to align our disclosure, wherever possible, with an outcomes-based approach in line with the spirit of the new Code. We feel this provides for more tangible reporting. We have also strived to lower duplication by cross-referencing to appropriate sections in the report.

Quality decision-making is facilitated by the quality of Board papers and the diverse knowledge, skills and experience of the directors, supported by an open and transparent culture. Decisions are taken to deliver the key strategic priorities whilst always remaining cognisant of the impact on stakeholders.

At Whitbread we are committed to ensuring the Company's actions are in keeping with our culture, values and strategic goals. This is achieved by understanding the critical role that strong corporate governance plays.

Every year, we carry out an internal review of our compliance with the Code and I am pleased to report that we have been fully compliant with the provisions of the Code this year. In the pages that follow, we have set out how we have applied the principles set out in the Code.

On 1 November 2023, we welcomed Shelley Roberts as an independent non-executive director. More information on Shelley's experience can be found in her biography on page 110. We have also provided an insight into Shelley's induction process on page 114.

During the year, we also welcomed Clare Thomas as General Counsel and Company Secretary in place of Chris Vaughan who retired after the annual general meeting in June 2023. You can find more information on Clare's experience in her biography on page 110.

Last year, we undertook a review of the articles of association of the Company. The articles existing at the time were adopted in June 2010.

Changes made were largely to modernise the articles and to bring them into line with best practice. In addition we needed to make some changes to the way in which dividends for our B and C preference shares were calculated following the discontinuation of LIBOR. The updated articles were approved by the shareholders at the 2023 annual general meeting.

An internal Board evaluation was carried out during the year. As was the case in the previous year, Independent Audit's online platform called 'Thinking Board' was used to facilitate the Board evaluation.

Further details of the findings and the progress against actions from the previous Board evaluation are provided on page 112. As required by the Code, the next Board evaluation will be an externally-facilitated one.

During the year we updated internal policies and documents such as the Code of Conduct and the Board Diversity Policy to ensure they reflect the most up to date market practice.

The Board as a whole accepts its responsibility for engaging with various stakeholders and keeping them in mind when making decisions for the Company. You can find information on our stakeholder engagement on pages 18 to 23.

Looking ahead

The focus for the Board is now on building on the progress made so far and generating long-term value for all stakeholders. I look forward to seeing those of you attending the annual general meeting in person at our head office in Dunstable.

David Atkins and Fumbi Chima have expressed that they will not be putting themselves forward for re-election at the annual general meeting in June 2024. On behalf of the Board, I wish to express our immense gratitude for both of them for their valuable contribution to the Company and wish them the best in their future endeavours.

Adam Crozier
Chairman
29 April 2024

"The Board's objective is to create and maintain a robust governance framework in order to support the long-term success of the business and also generate lasting value for all our stakeholders."

CORPORATE GOVERNANCE STATEMENT

The UK Corporate Governance Code 2018

The UK Corporate Governance Code 2018 is the standard against which we measure ourselves. It is issued by the Financial Reporting Council (FRC) and is available to view on its website, www.frc.org.uk.

Further information on our compliance with the Code can be found in the table on the right:

Section 1 – Board Leadership and Company Purpose

On page 99, we have reported on the experience of the members of the Board and how the discussions at the Board meetings this year were focused on improving shareholder value and contributing to wider society. There is detail on the Board's engagement with all its stakeholders, including the Company's major shareholders. You will also find information on how the Board lays out its strategy and sets the Company up for long-term sustainable success.

Section 1: Board leadership and Company purpose		See page
A	Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society	104 to 105
B	Purpose, values and strategy with alignment to culture	
C	Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks	
D	Effective engagement with shareholders and stakeholders	
E	Consistency of workforce policies and practices to support long-term sustainable success	

Section 2 – Division of Responsibilities

On page 106, we outline the responsibilities of the Chair, these are different from the role of the Chief Executive. We also provide details on the matters reserved for the Board and the matters that are delegated to the Executive Committee. On pages 107 to 110, we have introduced the Board to you and provide details on the skills and experience they bring to the table. This year, we welcomed Clare Thomas as General Counsel and Company Secretary to the team. Clare's role in supporting the Board is outlined.

Section 2: Division of responsibilities		See page
F	Leadership of board by chair	106 to 111
G	Board composition and responsibilities	
H	Role of non-executive directors	
I	Company secretary, policies, processes, information, time and resources	

Section 3 – Composition, Succession and Evaluation

You will find details of the composition, roles and responsibilities and the work of the Nomination Committee together with a summary of its activities during the year on pages 114 and 115. This includes the recruitment process followed to appoint Shelley Roberts as an independent non-executive director.

We have provided a summary of the Board evaluation carried out this year. We carried out an internal evaluation this year and will undertake an external evaluation next year as required by the Code.

Section 3: Composition, succession and evaluation		See page
J	Board appointments and succession plans for board and senior management and promotion of diversity	112 to 115
K	Skills, experience and knowledge of board and length of service of board as a whole	
L	Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively	

Section 4 – Audit, Risk and Internal Control

Pages 116 to 121 contain a letter from Chris Kennedy, Chair of the Audit Committee, and provide an introduction to the composition, roles and responsibilities of the Committee, together with information on the key topics discussed during the year. It also covers the audit tender process that was carried out this year and provides details on decision-making in line with the recommendations provided by the Financial Reporting Council (FRC).

Section 4: Audit, risk and internal control		See page
M	Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements	116 to 121
N	Fair, balanced and understandable assessment of the company's position and prospects	
O	Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives	

Section 5 – Remuneration

On pages 122 to 141, Frank Fiskers, Chair of the Remuneration Committee, presents the remuneration report that sets out in detail the key decisions made by the Committee during the year and how the remuneration policy was implemented. The report provides comprehensive and in-depth disclosures on executive pay and the linkage to Company's strategic goals.

Section 5: Remuneration		See page
P	Remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose and value	122 to 141
Q	Procedure for executive remuneration, director and senior management remuneration	
R	Authorisation of remuneration outcomes	

Board leadership and Company purpose

Over the last couple of years, Whitbread has achieved fantastic results.

The Board and the leadership of Whitbread maintained focus on the strategic objectives of the Company while also balancing the needs of stakeholders and promoting shareholder value. You can read more about how stakeholders are considered in the decision-making process on pages 18 to 23.

The Chairman and the General Counsel met with key shareholders during the year to update them about environmental, social and governance issues and about business performance in the UK and Germany.

Culture

The Board appreciates the rich culture of Whitbread and its commitment to maintaining the highest standards of honesty, openness and accountability.

The Speaking Out (whistleblowing) service is available to all team members, employees, suppliers and third parties allowing them to raise concerns if Whitbread's standards fall short of that commitment. We engaged with the Our Voice representatives for feedback on the Speaking Out service.

The key outputs from this exercise were:

- there was a lack of clarity on when to use the Speaking Out service;
- there was a preference for alternative modes of reporting outside of the telephone service; and
- there was a need to offer options for reporting in multiple languages.

Taking into account this feedback, a new provider was chosen to deliver Speaking Out services in both the UK and overseas. Through this refreshed service, reports can be raised online, using the web reporting functionality or through the telephone hotline in multiple languages and can also be accessed on phones by scanning the QR code displayed on the Company's intranet or on the posters across all of Whitbread's locations.

Board Diversity

The Board diversity policy was updated in March 2024 to align with the latest FCA targets and also business best practice.

As an organisation we recognise and are working towards these targets. We are pleased to have 23% ethnic representation on our Board, meeting the FCA target. From a gender perspective, 38% of our Board are female, narrowly short of the 40% target. All of our top four senior Board positions are held by men, with three of these being white and one being Asian. Although we do not yet have a female appointee in one of the top Senior Board positions, we are committed to addressing this goal and will provide further updates in future reports.

Gender and ethnicity data collection

The below table sets out the range of gender and ethnicity as they relate to our Board, executive management and senior Board positions (CEO, CFO, SID and Chair) as at 29 February 2024. In line with the Listing Rule definition, 'executive management' consists of Whitbread's Executive Committee members. For full details of the Executive Committee please see page 111.

The Board diversity data is collected using a questionnaire and given on a self-identify basis at the point of their on-boarding to the Company. The diversity data collated for the Executive Committee is collected on an anonymous basis directly from each member using a questionnaire and given on a self-identify basis.

Gender identity/sex of members of the Board and executive management

	Board members	Percentage of the Board	Senior Board Positions (CEO, CFO, SID and Chair)	Executive management	Percentage of executive management
Women	5	38.5%	0	2	22.2%
Men	8	61.5%	4	7	77.8%
Not specified/prefer not to say	—	—	—	—	—

Ethnic background of members of the Board executive management

	Board members	Percentage of the Board	Senior Board Positions (CEO, CFO, SID and Chair)	Executive management	Percentage of executive management
White British or other White (including minority White groups)	10	76.9%	3	8	88.9%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	2	15.4%	1	1	11.1%
Black/African/Caribbean/Black British	1	7.7%	—	—	—
Other ethnic groups including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Controls and risk management

The Board is responsible for the Company's systems of internal control and risk management, and for reviewing their effectiveness. These systems are designed to manage rather than eliminate risk of failure to achieve business objectives. They can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has established an ongoing process for identifying, evaluating and managing the Company's principal risks. This process was in place throughout the financial year and up to the date of this report. The process is reviewed by the Board and accords with the internal control guidance for directors in the Code. A report of the principal risks, together with the viability statement, can be found on pages 64 to 72.

Code of Conduct

In line with our commitment to uphold the highest standards of integrity and ethical conduct, we have recently updated our Code of Conduct. Key enhancements include an update to our whistleblowing reporting processes designed to streamline the process for raising concerns and to enable users to very clearly identify when to use the system over other available reporting tools, whilst always ensuring absolute confidentiality and protection for whistleblowers. We have reinforced our zero-tolerance stance against all forms of abuse and discrimination, whether towards our people, our guests or those that we work with. These updates reflect our commitment to ensuring a safe, transparent, and accountable workplace, aligning with our core values and commitment to doing business the right way. Through updated mandatory training for all employees, we seek to ensure our teams not only understands these changes but model our values in their daily operations.

Board strategy day

The Board and the Executive Committee met in London in November 2023 for a Board strategy day.

The purpose of the Board strategy day is to present, discuss, evolve and crystallise the key strategic priorities for the Group. Information on the strategic priorities can be found on pages 16 to 17.

Each Executive Committee member presented their part of the plan and all participants were able to ask questions and provide feedback.

The presentations broadly covered the following themes:

- The latest view of the five-year plan
- Proposals for optimising our branded food and beverage offering
- Customer plan
- Commercial plan
- Property plan
- Germany plan
- Enterprise transformation plan
- Technology plan
- Efficiency plan
- People strategy

This was interspersed with presentations from Morgan Stanley and Goldman Sachs to provide a broader industry perspective, including a view of the general macro environment, future prospects and key sector themes in hospitality.

Board agenda 2023/24

Standing agenda items

- Chief Executive's report
- Chief Financial Officer's report
- Chief People Officer's report
- General Counsel's report
- Property and International Managing Director's report
- Approval of capital projects
- KPI pack

Q1

- Approval of year-end documentation including results announcement, Annual Report and Notice of AGM
- Risk management
- Health and safety report
- Force for Good
- Property strategy
- F&B strategy
- Board evaluation

Q2

- Q1 trading update
- Refurbishment programme
- UK Growth strategy
- Talent and succession
- Investor relations
- Annual general meeting

Q3

- Interim results
- Update of the Group's reservation and customer management system
- Risk management
- Health and safety report
- Cyber security update

Q4

- Budget review
- People strategy
- F&B strategy
- Update of the Group's reservation and customer management system
- Q3 trading update

Division of responsibilities

BOARD RESPONSIBILITIES

The Chairman and Chief Executive have clearly defined roles which are separate and distinct. The specific duties and division of responsibilities between the Chairman and Chief Executive have been agreed by the Board and are set out below, together with information on the roles of the Senior Independent director, the executive directors, the non-executive directors and the Company Secretary.

The Matters Reserved to the Board can be found on our website
www.whitbread.co.uk

Chairman

- Leadership of the Board and setting its agenda, including approval of the Group's strategy, business plans, annual budget and key areas of business importance
- Maintaining appropriate contact with major shareholders and ensuring that Board members understand their views concerning the Company, especially on governance
- Ensuring a culture of openness and debate around the Board table
- Leading the annual evaluation of the Board, the Committees and individual directors
- Ensuring, through the Company Secretary, that the members of the Board receive accurate, timely and clear information

Chief Executive

- Optimising the performance of the business
- Day-to-day operation of the business
- Reviewing and proposing strategy
- Ensuring effective communication with shareholders and employees
- The creation of shareholder value by delivering profitable growth and a good return on capital
- Ensuring the Company has a strong team of high-calibre executives, and putting in place appropriate management succession and development plans
- Leading and motivating a large workforce of people

Senior Independent director

- The Senior Independent director provides a sounding board for the Chairman and supports him in the delivery of his objectives. The Senior Independent director is available to shareholders if they have concerns which the normal channels have failed to resolve, or which would be inappropriate to raise with the Chairman or the executive team. He also leads the annual evaluation of the Chairman on behalf of the other directors

Executive directors

- The executive directors are responsible for the day-to-day running of the business and for implementing the operational and strategic plans of the Company

Non-executive directors

- The non-executive directors play a key role in constructively challenging and scrutinising the performance of the management of the Company and helping to develop proposals on strategy

Company Secretary

At Whitbread the General Counsel acts as the Company Secretary. The duties performed in the capacity of Company Secretary include the following:

- advising the Board on legal matters, corporate governance and Board procedures;
- arranging and minuting the Board and Committee meetings;
- providing support to the Chairman, the Chief Executive and the Board Committee chairs; and
- enabling and supporting communication between directors and senior management to the Board and Committees.

BOARD OF DIRECTORS

We believe that it is vital for the Board to include a diverse range of skills, backgrounds and experience, to enable a broad evaluation of all matters considered and to contribute to a positive culture of mutual respect and constructive challenge.

The mix of skills and experience represented on the Board is outlined on page 99.

Key:

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair
- Committee member

Adam Crozier
Chairman

Date of appointment to the Board:
April 2017

Date of appointment as Chairman:
March 2018

Experience:
Adam was Chief Executive of ITV plc from 2010 to 2017. During his time as Chief Executive, ITV was transformed into a global media player of scale, delivering consistently good growth and with increasing emphasis on international content creation and distribution.

Prior to ITV, Adam was Chief Executive of Royal Mail. He has also been CEO of The Football Association and joint CEO of Saatchi & Saatchi.

Adam has served as Chairman of Vue International, ASOS and Stage Entertainment.

External appointments:

- BT Group plc (Chairman)
- Great Ormond Street Hospital Discovery Appeal (Trustee)
- Kantar Group (Chairman)

Dominic Paul
Chief Executive

Date of appointment to the Board:
January 2023

Experience:
Dominic is an experienced senior executive, with a very strong operational and commercial record in the travel, leisure, and hospitality sector and with a track record of growing and transforming brands both in the UK and internationally.

Dominic was previously a member of the Whitbread Executive Committee and Managing Director of Costa Coffee for three years, before serving as CEO of Domino's Pizza Group Plc where he led the business through the COVID-19 pandemic, during which he delivered a strong period of sales growth and value creation and aligned all stakeholders behind a growth strategy for the future.

Previously Dominic was Senior Vice President of International with Royal Caribbean Cruise Line where he led the business through a period of strong growth. His extensive experience in the travel and leisure industry also includes senior roles at easyJet, British Midland and British Airways.

Hemant Patel MBE
Chief Financial Officer

Date of appointment to the Board:
March 2022

Experience:
Hemant joined Whitbread in 2018 as UK Finance Director, having previously been Finance Director of Greene King Pub Company. He worked at Asda-Walmart for 11 years, carrying out various management roles including Commercial Finance Director, director of Own Label and director of Strategy. He also had several finance roles over six years at Mars, Inc.

He was Chair of the Royal Armouries Museum and was awarded an MBE for services to museums and heritage in the 2020 birthday honours list. Hemant also received the Arts and Business Individual of the Year award in 2007 for his work with Interplay Theatre. He was non-executive Director and Audit Chair at the Department of Digital, Culture, Media and Sport from 2020 to 2023 as well as being on the board of the Cultural Recovery Fund.

BOARD OF DIRECTORS CONTINUED

Richard Gillingwater
Senior Independent Director

Date of appointment to the Board:
June 2018

Experience:
Richard was Chairman of Janus Henderson Group plc from 2017 to the end of 2022, served as a non-executive director of Helical PLC and was former Pro-Chancellor of the Open University. Richard also served as Chairman on SSE PLC from 2015 to 2021.

Richard is a highly experienced executive and has spent much of his career in corporate finance and investment banking with Kleinwort Benson, BZW and Credit Suisse First Boston, before he moved out of banking and became Chief Executive of the Shareholder Executive and then Dean of Bayes Business School.

External appointments:
- Spirax-Sarco Engineering plc (Independent non-executive director and Senior Independent Director)
- Wellcome Trust (Chair of the Investment Committee)

Kal Atwal
Independent non-executive director

Date of appointment to the Board:
March 2021

Experience:
Kal has over 13 years' executive Committee experience at BGL Group Limited in various roles, including Founding Managing director of comparethemarket.com. Kal was also Chair of SimplyCook, a tech-enabled meal kit subscription service prior to its sale to Nestlé.

Kal began her career at EY in Madrid, after which she held a number of operational and strategic roles with Southern Derbyshire Chamber and Northcliffe Media Ltd.

Kal is an experienced strategic leader with international experience in start-up, scale-up, fintech and digital businesses.

External appointments:
- OSB Group PLC (non-executive director)
- Royal London Group (non-executive director)
- Funky Pigeon Ltd (Chair)

David Atkins
Independent non-executive director

Date of appointment to the Board:
January 2017

Experience:
David was Chief Executive of Hammerson plc, a British property development and investment company, and one of the UK's largest listed property companies. He stepped down from the position in November 2020.

He is also the former Chairman and executive board member of the European Public Real Estate Association (EPRA) and past President and a former Committee member of Revo (formerly BCSC).

External appointments:
- Reading Real Estate Foundation (director and Trustee)
- Landmark Group Holdings Limited (Chair)
- Britannia Parking Limited (board adviser)

Dame Karen Jones
Independent non-executive director

Date of appointment to the Board:
January 2023

Experience:
Karen is Senior Independent director at Deliveroo plc, Chair at Hawksmoor and a non-executive director at Mowgli Street Food, having previously served as Executive Chair at Prezzo and Senior Independent Director at Booker plc.

Karen has a wealth of experience in the restaurant, food and hospitality sectors, having founded Café Rouge and led the formation of Spirit Group as CEO. Karen also has strong experience in executive remuneration, having previously chaired the remuneration committees at ASOS plc and Booker plc.

External appointments:
- Deliveroo plc (senior independent non-executive director)
- The Crown Estate (non-executive director)
- Hawksmoor (Chair)
- Mowgli Street Food (non-executive director)

Dame Cilla Snowball
Independent non-executive director

Date of appointment to the Board:
January 2023

Experience:
Cilla has a wealth of advertising, marketing and digital experience, being made a Dame in 2017 for her services to advertising, diversity and equality.

Cilla started her career in advertising and served as Group Chief Executive at Abbott Mead Vickers BDDO Ltd from 2006 to 2018, also sitting on the BBDO Worldwide Board, and Chair of both the Advertising Association and the Women's Business Council.

External appointments:
- University of Birmingham (council member)
- Derwent London plc (non-executive director)
- Genome Research Ltd (non-executive director)
- Wellcome Trust (Governor)

Frank Fiskers
Independent non-executive director

Date of appointment to the Board:
February 2019

Experience:
Frank spent ten years from 2007 as President & CEO of Scandic Hotels Group and took the company public in 2015. He has experience in a number of countries in Europe and Africa.

Frank has served as Chairman of Norstedt and Akademibokhandln. He has also served as a board member of the Swedish Hospitality Employers Association, Dame Thomas Foundation for Young People and the British Hospitality Association.

External appointments:
- Shurgard Self Storage SA (non-executive director)

Horst Baier
Independent non-executive director

Date of appointment to the Board:
November 2019

Experience:
Horst was Chief Financial Officer of TUI AG, until September 2018. During his time at TUI, Horst played an important role in their transformation from a tour operator to a global provider of holidays.

External appointments:
- Bayer AG (member of the supervisory board)
- DIAKOVERE GmbH (member of the supervisory board)
- Ecclesia Holding GmbH (member of the supervisory board)

Fumbi Chima
Independent non-executive director

Date of appointment to the Board:
March 2021

Experience:
Fumbi was Chief Information Officer at BECU from 2020 to 2023. Prior to this, Fumbi held similar roles at Adidas, Fox Network Group, Burberry, Walmart Asia's business operations and American Express global corporate technologies.

Fumbi has more than 25 years of leadership and technology experience in both the retail and financial sectors. In addition to technology, Fumbi's background showcases a dedication to diversity, women's empowerment and inclusion.

External appointments:
- Women at Risk International Foundation (director)
- The Azek Company (board member)
- WTW (non-executive director)

BOARD OF DIRECTORS CONTINUED

Chris Kennedy
Independent non-executive director

Date of appointment to the Board:
March 2016

Experience:
Chris is Chief Financial Officer and Chief Operating Officer of ITV plc, which he joined in February 2019.

Prior to this, Chris held CFO roles with Micro Focus International plc, ARM Holdings plc and easyJet plc, having previously spent 17 years in a variety of senior roles at EMI.

Chris was voted FTSE 100 CFO in 2015.

External appointments:
- ITV plc (Chief Financial Officer)
- The EMI Group Archive Trust (Trustee)
- Great Ormond Street Hospital Trust (Trustee)

Shelley Roberts
Independent non-executive director

Date of appointment to the Board:
November 2023

Experience:
Shelley is currently the Group Chief Commercial Officer at Compass Group PLC, where she is responsible for leading the Group's Global Clients, Strategy, M&A, Health & Safety, Sustainability, Digital and Procurement functions.

Shelley has vast experience in the travel and hospitality sector, having served as Managing Director of Compass Group's Australian business and previous to this holding leadership roles at EasyJet, Tiger Airways and Sydney Airport. Shelley previously served as a non-executive director on the board of Webjet, a global online travel business.

External appointments:
- Compass Group (Chief Commercial Officer)

Clare Thomas
General Counsel & Company Secretary

Date of appointment:
June 2023

Experience:
Clare joined Whitbread as General Counsel and Company Secretary in June 2023, having previously held a similar position at Britvic from 2013 to 2023. Prior to this, she was a corporate/M&A partner at law firm Addleshaw Goddard LLP, where she had a particular focus on working with consumer-facing businesses in retail, consumer brands, leisure and hospitality.

As well as being General Counsel & Company Secretary, Clare is also the Executive Committee member responsible for Whitbread's sustainability programme, Force for Good.

Key:
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Committee Chair
- Committee member

EXECUTIVE COMMITTEE

The Executive Committee has authority to manage the day-to-day operations of the Group's businesses, with the exception of those matters reserved for the Board, and within the financial limits set by the Board.

The Committee's responsibilities include:

- formulation of strategy for recommendation to the Board;
- management of performance in accordance with strategy and budgets;
- talent and succession;
- risk management;
- capital investment decisions (where Board approval is not required);
- cost efficiency, procurement and organisational design;
- reputation and stakeholder management;
- culture and values;
- the Force for Good sustainability programme;
- health and safety; and
- customer engagement and product development.

Changes during the year

- Clare Thomas was appointed as General Counsel and Company Secretary in June 2023
- Simon Jones who held the position of Managing Director for Premier Inn and Restaurants, UK, and Chief Commercial Officer left Whitbread in November 2023
- Joe Garrood took over as Chief Commercial Officer in December 2023
- Erik Friemuth joined Whitbread in January 2024 and took over as Chief Executive Officer for Premier Inn Germany in March 2024

Dominic Paul
Chief Executive

Clare Thomas
General Counsel & Company Secretary

Erik Friemuth
Chief Executive Officer, Premier Inn Germany

Hemant Patel MBE
Chief Financial Officer

Joe Garrood
Chief Commercial Officer

Mark Anderson
Managing Director, Property & International

Nigel Jones
Group Operating Officer

Rachel Howarth
Chief People Officer

Simon Ewins
Managing Director, UK Hotels & Restaurants

Biographical details for the Executive Committee can be found on the Company's website: www.whitbread.co.uk

Composition, succession and evaluation

Board composition

The Nomination Committee aims to ensure the Board and its Committees have the appropriate balance of skills, experience, diversity, independence and knowledge of the Company to enable them to discharge their responsibilities effectively. After assessing independence against the Code, the Board considers all non-executive directors to be independent in judgement and character and also considered the Chairman to be independent on appointment.

The Board is currently composed of the Chairman, the Chief Executive, the Chief Financial Officer and ten independent non-executive directors. This includes Shelley Roberts, who was appointed to the Board on 1 November 2023. More information on Shelley Roberts' experience can be found in her biography on page 110. Shelley is a member of the Audit Committee and the Nomination Committee.

As required by the Code, all directors will be subject to election or re-election at the next AGM. During the year, the Chairman completed the individual performance review of each non-executive director in respect of their contribution and time commitment to the Company.

Details setting out why each director is deemed to be suitable for reappointment, and how their contribution continues to be important to the Company's long-term success, will be included in the AGM papers circulated to the shareholders.

David Atkins and Fumbi Chima will step down from the Board at the conclusion of the upcoming AGM and will therefore not stand for re-election.

Board succession

The Chairman leads the Nomination Committee in annually evaluating the balance of skills, experience, independence and knowledge on the Board. A matrix of the skills and competencies of the current Board is mapped against the skills and competencies the Committee believes will be required in the future. This process helps the Committee ensure a robust succession plan and the development of a diverse pipeline in line with the Board's policies and diversity and inclusion commitments.

As part of the annual talent cycle, the Nomination Committee reviews the long-term succession plan for the members of the Executive Committee and their direct reports. The Committee recognises the importance of reviewing internal succession strength and ensuring robust emergency succession plans are in place. Deep dive talent reviews into the critical capabilities of the Executive Committee and senior leadership team for both UK and Germany are also carried out annually. More information on the work carried out in developing an internal succession pipeline can be found on page 52 in the Chief People Officer's report.

Board evaluation

During the year, an evaluation of the Board and of the Nomination, Audit and Remuneration Committees was carried out using Thinking Board, an online evaluation tool provided by Independent Audit Limited (IAL), an independent company which has no other links to Whitbread or its directors.

Each director and the General Counsel completed a questionnaire in respect of the Board and the respective Committees of which they were a member. The General Counsel collated the responses of the evaluation, along with benchmarking data provided by IAL, and the Chairman received an executive summary, highlighting the key outcomes, as did each of the Committee Chairs. Copies of the reports were then presented to the Board and each Committee for discussion.

Overall, the feedback received was very positive and reflected a strong approach to strategy, effective leadership, a positive dynamic around the Board table and a well-chaired Board. While there was progress made in some areas identified last year, most notably on employee engagement, the themes that emerged this year broadly mirrored those of last year, especially around:

- big trends and their impact on the business;
- technology and how it is driving our strategy;
- direct engagement with employees; and
- incorporating ESG considerations into strategic decision-making.

Board and Committee review cycle

Year 1
2021/22
External review

Year 2
2022/23
Internal review

Year 3
2023/24
Internal review

Year 4
2024/25
External review

Summary of the 2024 Board evaluation

Overall, the results were very positive. A summary of the key points is as follows:

Strategy, risk, finance

Overall, the feedback was good in this area. There was consensus that the Board has a good understanding of the strategy and key priorities. The responses were positive around goal-setting, adequately balancing short-term performance with long-term thinking and assessing the underlying financial health of the organisation. There were two areas which were identified as areas for improvement and they were:

- impact of technology and how it is driving the strategy; and
- consideration of big trends and their impact on the business.

People, culture, stakeholders

The feedback was positive around effective leadership, with consensus that more could be done around engagement with employees, incorporating ESG into strategic decision-making and overseeing culture.

Employee engagement was an area that was highlighted last year. A site visit to Birmingham to see six Premier Inn hotels and restaurants in November 2023 was well-received by the Board. These visits provided an opportunity for the Board to directly engage with team members at each site and offer a better understanding of how the business operates at the ground level. There was agreement that more similar activities would be welcome.

Board composition, information, development

The feedback under this section was positive overall, especially in relation to enabling Board members to contribute to strategy, handling management transitions and staying relevant and effective. All responses indicate that these areas work well.

Feedback suggests that while the Board has an appropriate mix of people, this needs to be monitored going forward as the Board composition changes. All responses suggest the Board is receiving the support it needs from the Company Secretary.

Meetings, dynamics, committees

The overall feedback was very good around how meetings work and the level of engagement in the meetings as well as trust and openness in Board discussions. The meetings are considered to be well-chaired, and the level of support provided is good. Time is being set aside in the agenda for non-executive directors to meet without the executive directors present further promoting transparent communication and feedback.

External benchmarking

As the questionnaire used for the internal evaluation reflects the wording of Independent Audit's recommended questionnaire, this allowed us to be benchmarked against over 180 other companies across different industries. The data showed that Whitbread's results are very positive across all areas compared to the benchmarking information provided. It also showed that the issues raised by Whitbread's Board were broadly similar to the other companies who had completed the questionnaire.

Next steps:

Below are some actions that were agreed by the Board for the coming year:

- Planning more site visits and factoring in time to directly engage with employees during this time. While there were site visits carried out during the year, there was consensus that a more structured Board engagement plan should be developed.
- On the Board's engagement with employees, a number of different opportunities were identified for the Board to engage with the wider workforce, including giving the non-executive directors the opportunity to attend some of the listening forums that take place through the year.
- The Company Secretary to organise optional training sessions for the Board on themes such as ESG reporting requirements, technology updates, Cyber and AI impacts and opportunities.
- The Company Secretary is already putting together a Forward Agenda that will be refreshed at every Board meeting and included in Board papers. This is intended to provide the Board with visibility of upcoming matters and the opportunity to provide input into the agendas. The Forward Agenda will cover a year, will be updated regularly and will encompass topics covering a range of stakeholders.

Progress against actions from 2022/23

Last year, there were a number of actions arising from the evaluation and we have listed below the actions and progress made against each:

- **More channels for formal and informal engagement directly with employees:**
  The Board visited a number of sites in Birmingham and the general consensus was the Board would like more of these in the future.
- **More focus around the benefits which technology can bring, how it could drive strategy, what risks and opportunities it poses:**
  This received special focus this year in light of the roll out of the Opera system across the business. A separate Board sub-Committee was set up for Opera, chaired by Kal Atwal, who has experience in digital businesses.
- **Management of the agendas for each meeting:**
  The General Counsel has carried out extensive work on this, beginning with analysing the delegation of powers, segregation of duties among people and Committees, and reviewing the existing financial thresholds for approvals of various matters. There is more work planned in the following year on the content and style of Board papers to ensure efficiency of what is presented to the Board.

Composition, succession and evaluation

NOMINATION COMMITTEE REPORT

Adam Crozier
Chair, Nomination Committee

Membership of the Nomination Committee and meeting attendance

Name of director	Meetings attended and eligible to attend
Adam Crozier (Chair)	3/3
David Atkins	3/3
Kal Atwal	3/3
Horst Baier	3/3
Fumbi Chima	3/3
Frank Fiskers	3/3
Richard Gillingwater	3/3
Chris Kennedy	3/3
Karen Jones[1]	2/3
Shelley Roberts[2]	0/0
Cilla Snowball	3/3

1 The one meeting Karen Jones was unable to attend was due to a prior commitment before joining the Board.

2 There were no Nomination Committee meetings held during the year after Shelley Roberts' appointment.

Role of the Committee

The role of the Nomination Committee is to review the composition of the Board and Executive Committee. The Committee is also responsible for evaluating the directors on an annual basis, striving for a balance of skills, knowledge, independence, experience and diverse representation to allow it to operate effectively. The Committee also carries out annual succession planning for senior management.

Responsibilities of the Committee

The Committee has specific responsibilities on behalf of the Board and these are detailed below:

- to regularly review the structure, size and composition of the Board (including the balance of skills, independence and diversity, including gender), and to make recommendations to the Board;
- to consider succession planning for the Board and senior management, oversee the development of a diverse pipeline for succession and to determine the skills and experience required for future Board appointments;
- to identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- to evaluate the balance of skills, knowledge, experience and diversity required prior to making an appointment to the Board and, on the basis of this evaluation, to prepare a role description outlining the capabilities required for a particular appointment;
- to keep the leadership needs of the Company under review, both for executive and non-executive directors;

- to ensure that, on appointment to the Board, non-executive directors receive a formal letter of appointment;
- to annually review the time commitment required from non-executive directors and to ensure that a performance evaluation is undertaken to determine if non-executive directors are spending sufficient time to fulfil their duties; and
- to review the results of the annual Board evaluation that relate to the composition of the Board.

Recruitment process for new independent non-executive director

The recruitment process was conducted through an external agency with oversight from the Nomination Committee in line with the Committee's plan to recruit a serving executive with general management experience and knowledge of the food and beverage industry. At the end of the process, Shelley Roberts joined the Board as an independent non-executive director.

Korn Ferry Board Practice, an external search agency and signatory to the Voluntary Code of Conduct for Executive Search Firms, was engaged to assist with the recruitment. Korn Ferry does not provide any services to the Whitbread Group other than Board-level recruitment.

Once the specifications of the proposed director were agreed with Korn Ferry, the candidates were interviewed by myself, as the Chairman of the Board and other Board members including the Chief Executive. They also met with the Chief People Officer. The Nomination Committee considered the preferred list of candidates and made a recommendation to the Board to appoint Shelley Roberts. The Board considered the recommendation and the appointment was made.

Induction programme for Shelley Roberts, independent non-executive director

On appointment, all directors receive a full and formal induction that is tailored to their specific needs. The induction programme is intended to provide the director with the information required to become as effective as possible in their new role within the shortest practicable time. Completion of this initial induction is estimated to take a few months.

Shelley Roberts joined the Board in November 2023. As part of her induction, Shelley received copies of all governance documents of the Company, including an overview of the business of the Company, including its business model, strategic aims, priorities and performance. Shelley met with the myself, as the Chairman of the Board, the Chief Executive, the Chair of the Audit Committee, the General Counsel and a number senior executives. Shelley also met with the Company's corporate legal advisers and statutory audit partner.

To gain a better understanding of the business at ground level, Shelley visited a number of hotels and restaurants in the UK and Germany.

Board training during the year

Throughout the year, various members of the Board attended training sessions across a wide range of topics to hone their skills and expertise and keep abreast of changing market conditions. Key themes of these sessions were:

- Diversity and inclusion
- Information security and digital transformation
- Investors' perspective for Board members
- Sustainability regulatory outlook
- Generative AI

Board Diversity

The Board diversity policy was updated in March 2024 to align with the latest FCA targets and also business best practice. More information can be found on page 104.

Time commitment of non-executive directors

On behalf of the Board, the Nomination Committee has reviewed the extent of other interests of the non-executive directors. As a result, the Board is satisfied that the Chairman and each of the non-executive directors continue to commit sufficient time to their duties and fulfil their obligations to the Company. No executive director has taken on more than one other non-executive directorship in a FTSE-100 company.

Results of Nomination Committee evaluation

In general, the feedback on the Committee's activities was very positive. The results around specifying the skills needed on the Board, maintaining focus on the right areas and making sound assessments were good. All responses indicate the meetings are well-chaired, well supported with quality papers and there is sufficient discussion and debate.

Adam Crozier
Chair, Nomination Committee
29 April 2024

Audit, risk and internal control

AUDIT COMMITTEE REPORT

"The Audit Committee monitors the systems of risk management and internal control. In addition, the Committee completes an annual review of the effectiveness of these systems, assessing the risk management framework and policy, management's risk assessment and review process, and the monitoring and reporting of risk."

Chris Kennedy
Chair, Audit Committee

Membership of the Audit Committee and meeting attendance

Name of director	Meetings attended and eligible to attend
Chris Kennedy (Chair)	5/5
David Atkins	5/5
Horst Baier	5/5
Fumbi Chima	5/5
Frank Fiskers	5/5
Cilla Snowball	5/5
Shelley Roberts[1]	1/1

1 Shelley Roberts was appointed to the Board on 1 November 2023.

Role and responsibilities of the Committee

The Board has delegated specific responsibilities to the Committee in accordance with the Code. The key responsibilities of the Audit Committee are to:

- monitor and review the integrity of the Group's half-year and full-year financial results, and the financial reporting process including consideration of these reports being fair, balanced and understandable;
- monitor the statutory audit of the parent company and consolidated financial statements;
- review the Group's internal controls and risk management systems;
- review and monitor the independence and effectiveness of the external auditor, in particular, the provision of additional services;
- monitor and review the effectiveness of the Group's internal audit function; and
- have primary responsibility for the recommendations to the Board in relation to the external auditor.

To aid its review, the Committee considers reports from the Group Financial Controller; the Head of Internal Audit, as well as reports from the external auditor on the outcomes of its half-year review and annual audit. The Committee looks for constructive challenge from Deloitte as external auditor.

The Committee met five times in 2023/24. Meetings were attended by members of the Committee and, by invitation, the Chairman of the Board, the Chief Executive, the Chief Financial Officer, the Head of Internal Audit, the Group Financial Controller, the General Counsel and other relevant people from the business when appropriate.

The external auditor, Deloitte, is also invited to meetings except where discussion includes matters relating to its own independence, performance, reappointment, fees or audit tendering.

Composition of the Committee

In accordance with the UK Corporate Governance Code 2018, the Board has confirmed that all members of the Committee are independent non-executive directors and have been appointed to the Committee based on their individual financial and commercial experience.

The Board has also confirmed that I, as Chair of the Committee, have recent and relevant financial experience through my current appointment as Chief Financial Officer of ITV plc and my previous appointments as Chief Financial Officer of Micro Focus International plc and ARM Holdings plc, together with my past role as Group Finance Director of easyJet plc.

As part of the Company's governance processes, an internal evaluation of the Committee was undertaken this year. The results of the evaluation were very positive. The evaluation concluded that the Committee is effective at managing the reporting environment and risk processes. The level of expertise on the Committee is good, with good discussion and debate. It was recognised that areas of focus for the Committee were to continue to review the operation of the control and risk management framework, including the operational IT risks, consider the process for assessing the effectiveness of both internal and external audit, and ensure Committee papers include executive summaries which set out focus areas.

Significant matters in the financial statements

The key areas of judgement and estimates considered by the Committee, in relation to the 2023/24 accounts and disclosed in Note 2 to the consolidated financial statements on pages 167 and 176, were:

Adjusting items

The Committee challenged the appropriateness of the presentation of adjusting items, giving consideration to the nature and significance of each item classified as adjusting. The Committee concluded that the items met the criteria as defined by the accounting policy and that the policy had been applied consistently across years.

Assets held for sale

The Committee reviewed, considered and exercised judgement on the assumptions used by management to assess whether (on a site-by-site basis) the sales of those sites being marketed as part of the Group's Accelerating Growth Plan will complete within one year. The Committee has concluded that the available information including external market expert advice has been applied appropriately.

Defined benefit pension

The Committee reviewed, considered and exercised judgement on the assumptions used to calculate the fair value of pension scheme assets and present value of defined benefit obligations under IAS 19, to satisfy itself that appropriate consideration and balance had been given to all macroeconomic factors. The principal assumptions used and the sensitivities around them were considered and the consistency in approach from 2022/23 to 2023/24 was assessed.

Impairment testing – property, plant and equipment, goodwill and right-of-use assets

The Group's impairment reviews require significant judgement in estimating the recoverable amount of its cash generating units. At the half-year, there were no indicators of impairment or impairment reversals and as such, no impairment assessment was deemed necessary.

An impairment review was undertaken at year-end which resulted in the recognition of a net impairment charge of £107.5m (impairment charge £125.1m and impairment reversal of £17.6m), with the UK having a net impairment charge of £77.0m in relation to the Accelerating Growth Plan and a charge of £32.2m being recognised in Germany.

The Committee reviewed the approach taken to the impairment review. The Committee challenged management's approach, in particular the methodology used to estimate both value in use and fair value less costs of disposal for site level impairment reviews. The Committee also challenged the inputs used in management's model, specifically challenging the valuations utilised, advice provided by local market experts and the application of growth rates.

The Committee was satisfied that the Group has appropriately performed the impairment reviews, accounted for the impairment and impairment reversals identified and that the related disclosures were appropriate.

Impact of Accelerating Growth Plan

The Accelerating Growth Plan is not by itself a significant matter, it does however have an impact across the significant matters of adjusting items, assets held for sale and impairment testing for this financial year and future financial years. Other non-significant areas where this change's impact has been considered are segmental reporting. The Audit Committee has considered and approved the approach taken by management across these areas.

Fair, balanced and understandable

In order to confirm to the Board that the Annual Report and Accounts, taken as whole is fair, balanced and understandable, there has been a thorough verification and approval process using the Committee's knowledge of the Company, as outlined below:

- The Annual Report and Accounts is drafted by the appropriate senior management with overall coordination by the Secretariat team to ensure consistency.
- Comprehensive reviews of the drafts of the Annual Report and Accounts are undertaken by management, members of the Executive Committee and the Audit Committee Chairman.
- A final draft is reviewed by the Audit Committee prior to consideration by a Committee of the Board.
- Formal approval of the Annual Report and Accounts is given by the Disclosure Committee.

Going concern and viability

The assessment of the Group to continue as a going concern is supported by the following:

- Cash and cash equivalents of £0.7bn at the balance sheet date.
- The Group maintains headroom to its current financial covenants in excess of £2.0bn throughout the going concern period.
- £1.0bn of sterling bonds maturing outside of the going concern period, between October 2025 and May 2031, with no covenants.

Going concern and viability continued

The Committee has reviewed the Group's assessment of viability over a period greater than 12 months. In assessing viability, the Committee has considered the Group's position as listed above and the three-year plan recently approved by the Board. The Committee considered the potential financial impact of the Group's principal risks and uncertainties, including the impact of climate change and related legislation on the Group's operations as well as all aspects of the Group's capital allocation framework.

The **viability statement** can be found on page 72

Internal control and risk management

The Audit Committee monitors the systems of risk management and internal control. In addition, the Committee completes an annual review of the effectiveness of these systems, assessing the risk management framework and policy, management's risk assessment and review process, and the monitoring and reporting of risk. This review is completed in conjunction with an internal control effectiveness review from Internal Audit and Group Finance, and considers all material controls, including financial, operational and compliance controls. Overall, the systems and processes were considered to be robust in the UK and maturing in our overseas businesses. It was noted that during the implementation of the Group's new reservation and customer management system (Opera) some processes have been impacted, requiring additional manual oversight with increased focus given to the workarounds ensuring the controls remain effective.

During the year, the Committee dedicated time to the following matters:

- UK corporate reforms, the FRC issued a consultation on changes to corporate governance and issued a new minimum standard for audit committees;
- TCFD progress on risks and opportunities assessment;
- tax strategy which was published in December 2023;
- a full review of the Fraud Framework, performed by third party Grant Thornton, including suggested actions to further strengthen the business against fraud;
- overview of internal audit, risk and assurance progress for the German business; and
- information security supplier assurance capability and what lessons can be learned from other businesses' cyber-attacks whilst highlighting the national cyber security centre's toolkit for boards.

The Board (rather than Audit Committee) carries out a robust assessment of the principal and emerging risks facing the Company, considering risk appetite; each risk was assessed and the level of assurance required was determined.

Further details of the **principal risks** identified and agreed by the Company can be found on pages 66 to 71

Internal Audit

The Internal Audit function provides independent assurance through reviewing the risk management processes and internal controls established by management.

The Audit Committee discusses and approves the internal audit annual plan, which aims to provide objective and insightful assurance that appropriate controls are in place to support our strategy and growth ambitions. The Head of Internal Audit provides regular updates on progress against the plan, key findings, as well as progress of audit action completion, at each meeting. To help the Committee gain assurance that the Internal Audit function is independent, the Committee meets with the Head of Internal Audit at least once a year without the presence of management.

Over the last 12 months, the business audits primarily focused on key financial processes as well as commercial and operational areas. Following the high-level, discovery-focused reviews in Germany in 2022/23, a number of full internal audits were completed, focusing on operational areas of the business. Group-wide audits were delivered across the technology functions focusing on cyber risk and transition of programme activities into IT services, as well as a series of programme assurance reviews which have been conducted across our three technology-led programmes, being the replacement of our hotel management system, HR & payroll system and upgrading the strategic network.

Following the completion of an independent external quality assessment (EQA) in January 2022, all actions have been successfully implemented and embedded with output from KPI metrics now being used to drive continuous improvement.

A rolling 24-month audit plan is created each year, with the first 12 months of activity agreed by the Committee in March 2024. Creating the 24-month audit plan provides greater flexibility and agility for internal audit to respond and re-prioritise audits as business priorities change. The internal audit plan is developed on the following basis:

- It is risk based, aligned to Whitbread's principal risks, and determined by the Audit Universe, which sets out all auditable areas of the business and assigns each area a risk level and recommended audit frequency.
- It considers areas of major change within the business, recurring themes from previous audit results and the views of management and external risk trends.
- Follow-up audits are also planned in areas where past audits highlighted significant risks to ensure remedial actions have been implemented and are working effectively to reduce Whitbread's risk exposure.

External auditor

On behalf of the Board, the Committee oversees the relationship with the external auditor. Deloitte was appointed as the auditor of the Company in 2015 following a formal tender process, and reappointed at the 2023 annual general meeting. The current lead audit partner is Kate Houldsworth, who was appointed in 2020.

The Committee confirms that the Company has complied with regard to the requirement of the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

2023/24 tender process

As Deloitte was first appointed by shareholders as the Group's statutory auditor for the 2015/16 financial year, the Group is required to undertake an external auditor competitive tender process ready for the 2025/26 financial year.

A tender sub-Committee was appointed that included the Audit Committee Chair, one further Audit Committee member, the Chief Financial Officer and Group Financial Controller, to create a balance between executive directors/management and non-executive directors.

The key criteria used to assess the audit firms that participated in the tender process were:

- Suitably experienced lead partner
- Depth of understanding of the Group's business including the property sector
- Demonstration of a challenging and sceptical mindset
- Clarity in approach to transition
- Market presence in both Germany and UK
- Independence requirements expected to be met
- Approach to ESG
- Technology-focused audit
- Required specialisms available to audit team
- Evidence of audit quality - FRC Audit Quality Review (AQR) reports on audit firms
- Details of audit approach on focus areas

A timeline of key events from the tender process can be seen in the graphic on the right.

After a robust tender process with strong representation from the involved audit firms, Deloitte were successful in the tender process, allowing for their future recommendation by the Audit Committee, subject to shareholder approval, for a further maximum of ten years, up to the 2035/36 financial year.

Tender Process Timeline

July 2023

- Proposed tender process and scoring matrix presented to the Audit Committee

Sept 2023

- Engagement with shareholders on the tender process
- Requests for Proposal (RFP) sent to selection of Tier 1 and Tier 2 audit firms

Oct 2023

- Proposals returned by audit firms, commencing a competitive tender
- Tender process update presented to the Audit Committee
- Tender sub-Committee appointed
- Audit firms granted access to data room

Nov 2023

- Meetings held between audit firms and the Audit Committee Chair, Executive Committee members and wider management

Dec 2023

- Tender proposal documents received from audit firms
- Presentations are completed to the Audit Committee's appointed tender sub-Committee

Jan 2024

- Audit firms scored based on matrix with results collated for sub-Committee
- Audit Committee approves the recommendation from the sub-Committee and in turn prepares its recommendation to the Board
- Full Board approve recommendation from the Audit Committee

Audit effectiveness

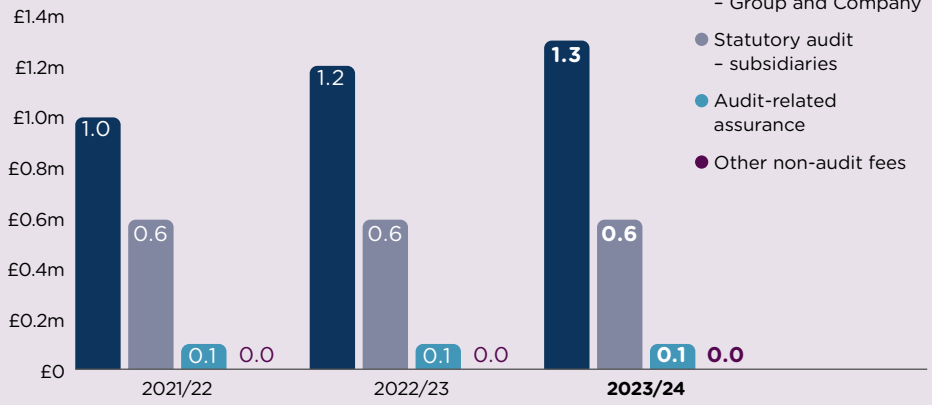
The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. We receive a detailed audit plan from Deloitte, identifying its assessment of these key risks.

These risks were reviewed and they, together with the work done by the auditor, were used to challenge management's assumptions and estimates around these areas, as well as other areas reported upon. The effectiveness of the audit process was assessed in addressing these matters through the reporting we received from Deloitte at both the half year and year-end. In addition, feedback was sought from the Committee, the Board and management on the effectiveness of the audit process and targeted and tailored questionnaires were completed.

An assessment of the effectiveness of Deloitte in respect of the previous financial year was undertaken in July 2023. Overall, the audit was effective and executed to a high standard with relevant and robust challenge together with partnering on significant judgemental areas and best practice governance. However, it was noted that there was still room for improvement in respect of enhancing systems audit reliance and aligning component audit work with the Group audit.

As part of our review process for the financial year, the Committee will be assessing the work of the year-end audit after it is finalised, incorporating an external audit effectiveness review for this financial year which will be completed and reported to the Audit Committee.

Statutory auditor's fees



Auditor independence

To safeguard the objectivity and independence of the external auditor, the Committee's terms of reference set out the policy in respect of provision of services by the external auditor. The Committee regularly reviews this policy for necessary changes in response to changes in related standards and regulatory requirements. This policy was updated in March 2020 to incorporate the Revised Ethical Standards issued by the FRC in December 2019.

The policy defines permitted services that can be provided by the auditor, because of the knowledge and experience of the external auditor and/or for reasons of confidentiality, meaning it can be more efficient or prudent to engage the external auditor rather than another party. This is particularly the case with audit-related assurance services that are closely connected to the audit function where the external auditor has the benefit of knowledge gained from work already performed as part of the audit.

For certain specified audit and audit-related services, the Group can employ the external auditor without reference to the Audit Committee, subject to a specified fee limit of up to £250,000. For the services permitted in certain circumstances, agreement must be sought from me, as Chair of the Committee, where fees are less than the limit specified, or with full Audit Committee approval where fees are anticipated to be greater than £250,000. A tender process would be held where appropriate.

Total non-audit fees amounted to £0.1m consisting of the interim review assurance. Although this is considered to be a non-audit service, the objectives of the review are aligned with the audit.

Chris Kennedy
Chair, Audit Committee
29 April 2024

Audit quality

The Committee monitors engagements with external stakeholders relevant to the Committee's areas of oversight, including the FRC. During the year the FRC's Audit Quality Review (AQR) team reviewed Deloitte's audit of the Group's 2022/23 financial statements as part of its annual inspection of audit firms. The Committee has received and reviewed the summarised output from the AQR team which identified no key findings and one area for improvement of limited significance.

Main activities during the year

In 2023/24, the Audit Committee's work covered internal controls, risk management, internal audit, external audit and financial reporting. The details of the matters discussed at Committee meetings are shown below.

March 2023

- Review of year-end financial statements and report template – including accounting judgements and estimates methodology, approval of going concern assessment on behalf of the Board
- External audit approval of remuneration, terms of engagement, non-audit fees and controls update
- Approval of internal audit plan
- Risk and controls – review of risk management process, approval of policy, update on financial control framework, Speaking Out reports and litigation review
- Audit Committee evaluation
- Green Bond allocation report
- Audit Committee rolling agendas and terms of reference

April 2023

- 2022/2023 Annual Report and Accounts including strategic report, governance and consolidated accounts
- Approval of the impact of updated judgements and estimates
- External audit – year-end audit report and non-audit fees
- Internal audit – internal audit report and terms of reference
- Risk and controls – review of statements on risk management and controls, financial control framework, fraud risks and litigation report
- Compliance report (including subsidiary audit status) – Whistleblowing update, TCFD and Net Zero Transition Plan

July 2023

- Risk and controls – information security strategy and assessment of audit process
- Compliance – treasury policy approval, update on financial control framework and fraud risks and TCFD review
- Internal audit – internal audit report and update on Germany internal audit and risk and assurance
- Progress update on audit plan, update on EQA action plan and Committee effectiveness review
- External audit – auditor effectiveness review
- Financial statements - UK tax strategy and project discussions

October 2023

- Review of 2023/24 Interim Results – including management papers in relation to judgements and estimates, impairment and going concern
- External audit – half-year report, interim letter of representation and preliminary audit plan
- Risk and controls – Financial Controls update
- Internal audit – interim update including retail audit
- Compliance – litigation review, compliance report, whistleblowing, audit tender and TCFD update

January 2024

- Approval of Group audit tender results, for recommendation to the Board

Main activities post financial year

March 2024

- Review of year-end financial statements and report template – including accounting judgements and estimates methodology, approval of going concern assessment on behalf of the Board
- External audit – audit update report, AQR output review, approval of remuneration, non-audit fees and UK Corporate Code update
- Internal audit – approval of plan and update on recent internal audits
- Risk and controls – approval of risk management policy and management framework, update on financial control framework and cyber risks
- Audit Committee evaluation
- Compliance report (including subsidiary audit status) and TCFD

April 2024

- 2023/2024 Annual Report and Accounts including strategic report, governance and consolidated accounts
- Approval of the impact of updated judgements and estimates
- External audit – year-end audit report and non-audit fees
- Internal audit – internal audit report and terms of reference
- Risk and controls – review of statements on risk management and tax controls and litigation report
- Compliance report – whistleblowing and TCFD update

Remuneration

REMUNERATION COMMITTEE REPORT

"By outperforming the market once again, the business has delivered another year of outstanding performance, financially and for all its stakeholders."

Frank Fiskers
Chair, Remuneration Committee

On behalf of the Remuneration Committee, I am pleased to present our remuneration report for 2023/24. The report sets out the key decisions of the Committee during the financial year and how the remuneration policy was implemented.

Our challenge to management this year was to build on the exceptional performance delivered in the prior year and to drive Whitbread to even higher levels of achievement on behalf of our stakeholders. As shown below and elsewhere in this report, the Committee is confident that the business has fully delivered on this challenging brief, which is reflected both in the incentive outcomes for management and in a special payment to our UK hourly-paid team members.

The Committee appreciated the high level of shareholder support for the 2022/23 remuneration report. This year we have enhanced the format of the report to provide even greater clarity on how the implementation of our Policy is aligned to both our strategy and stakeholder outcomes, which we hope readers will find beneficial.

Membership of the Remuneration Committee and meeting attendance

Name of director	Meetings attended and eligible to attend
Frank Fiskers (Chair)	4/4
David Atkins	4/4
Kal Atwal	4/4
Adam Crozier	4/4
Richard Gillingwater	4/4
Karen Jones[1]	3/4

1 The one meeting Karen Jones was unable to attend was due to a prior commitment before joining the Board.

Business performance

The business has delivered another year of strong financial results through the successful execution of our three-pillar strategy with our highest ever profit of £561m and a further year of market outperformance. Some of the key performance highlights under each strategic pillar are set out below.

1. Grow and innovate in the UK

- Total Premier Inn accommodation sales 12% ahead of 2022/23
- Continued outperformance versus the M&E market
- RevPAR up 10% versus 2022/23 representing a premium of £5.95 versus the M&E market
- UK adjusted pre-tax margins increased to 21.2%
- Increased guest/customer satisfaction scores in both hotels and restaurants

2. Focus on our strengths to grow in Germany

- Total sales up 62%
- Cohort of 17 more established hotels performed ahead of the M&E market
- Opened a further 1,464 rooms extending the network to 10,506 rooms (59 hotels)
- Increased guest satisfaction scores

3. Enhance our capabilities to support long-term growth

- Strong balance sheet:
  - lease adjusted leverage of 2.9x
  - net debt £298m
- Efficiency savings of £50m
- Roll-out of new reservation system

2023/24 annual incentives

The 2023/24 Annual Incentive Scheme (AIS) was based on a combination of profit, efficiency savings, strategic objectives and ESG targets.

The strong business performance is reflected in strong incentive outcomes, with the financial elements delivering above their respective stretch targets, and personal and ESG elements between target and stretch. Payouts under the AIS for 2023/24 on a formulaic basis are 94.96% of maximum for Dominic Paul and 95.92% for Hemant Patel.

As ever, the Committee was keen to ensure these outcomes were reasonable in the context of the manner in which the business has delivered for all of its stakeholders and on page 125 we have set out full details of why we consider the incentive outcomes are fully aligned to the experience of our stakeholders. Having confirmed the AIS outcomes fully reflect both the performance of the business and the stakeholder experience, no discretion has been applied and the Committee is satisfied that the policy has operated as intended.

2021 Restricted Share Plan award

The two underpins for the 2021 RSP were a three-year cumulative cost efficiency measure, and a balanced overall assessment of performance and delivery against strategic priorities. These underpins were chosen to reflect critical indicators of Whitbread's recovery through the pandemic. Shareholders were consulted at the time and those that responded were supportive of the action taken.

The cumulative cost efficiency underpin has been fully met, with £132m of cost savings delivered across the three-year period to the end of 2023/24.

For the second underpin, the Committee assessed the performance of the business against key financial metrics and strategic priorities over the three-year performance period. Further details of the assessment are set out on page 132. The purpose of the underpin was to guard against vesting in the case of management failure or significant underperformance; we judged that, to the contrary, the business has performed exceptionally well over the period. This award applies to Hemant Patel, however it does not apply to Dominic Paul who joined the business after the award was made.

Reward and recognition across Whitbread and beyond

As the largest hospitality employer in the UK, investing in the pay of our hourly paid team members is very important, especially in light of the continued pressures on the cost of living. During 2023/24, the Committee was pleased to note the continued significant investment in the pay for hourly paid team members. We also welcomed the £5m investment in a special one-off payment in April 2024 as a thank you for their ongoing commitment and contribution to Whitbread's strong performance.

We have also made further progress in listening to our workforce on reward matters, including discussions around executive pay. As part of the Our Voice forum held in June 2023, the Our Voice representatives were invited to discuss executive reward, including the purpose of the Remuneration Committee, the requirements for transparency and the long-term focus of incentives.

REMUNERATION CONTINUED

"The Committee was pleased that the business continued to make a significant investment in the pay for hourly paid Team Members."

Implementation for 2024/25

Both Dominic Paul and Hemant Patel will receive salary increases of 4% effective from 1 May 2024. These increases are below the increases that have been implemented for both our hourly paid team members and our salaried employees in the UK.

In respect of the AIS, we intend to retain the same framework, with a 70% allocation for financial metrics, split between 50% profit, and 20% efficiency. The remaining 30% will continue to be split between strategic objectives and ESG.

2024 RSP awards will be made at 125% for Dominic Paul and 110% for Hemant Patel. As for the 2023 RSP, the underpins are leverage and returns based. The Committee considers these underpins to continue to be the most appropriate to protect shareholders against any payments for potential failure. More details on the underpins are provided on page 140.

Looking forwards

Our Policy is due for renewal at the 2025 AGM. We look forward to engaging with our shareholders over the course of next year to ensure that our Policy continues to align executive pay and incentives to both our evolving strategic priorities, as well as reflecting the interests of our stakeholders.

After another year of exceptional performance, we look forward with confidence to the growth opportunities for the business in both 2024/25 and the long term. The Committee will continue to ensure that management remains suitably challenged and incentivised to deliver our strategic priorities at pace.

I hope to meet some of you at our AGM in June, where I will be happy to answer any questions you might have.

Frank Fiskers
Chair, Remuneration Committee
29 April 2024

Premier Inn Manchester City (Piccadilly)

STAKEHOLDER EXPERIENCE IN 2023/24

Employees

- An increase in our UK lowest entry pay rates of 5.2% in April 2023 and 9.2% in April 2024, continuing to be above the National Living Wage
- A mid-year investment in Central London team member pay rates, making them upper quartile
- A special one-off payment in April 2024 to UK hourly paid team members and Guest Support teams as a thank you for their ongoing commitment and contribution to Whitbread's strong performance
- A special annual payment to hourly paid team members in Germany
- Investment in developing careers, through external leadership programmes for senior leaders and Operational leaders (with 551 Hotel Managers and Restaurant General managers completing the programme)
- All senior leaders completed annual D&I training and we had external recognition for our D&I programme including an Exemplary Award and Top 25 status in Investing in Ethnicity matrix, and a move to Disability Confident 'Employer' status this year
- We have over 1,600 team members on apprenticeship programmes and an increasing number in our Support Centres, enabling our people to increase their technical knowledge and gain a qualification to recognise their skills
- Continued investment in wellbeing through mental health first aiders and champions, financial education and financial assistance through grants via Hospitality Action

Investors

- PBT of £561m
- Resumed dividend payments and interim paid
- Share price growth of 14.3% and TSR of 17.3%
- £300m share buy-back completed in H1 with further £300m completed in March 2024
- A further year of market outperformance in the UK, with Premier Inn total accommodation sales 3.1pp ahead of the midscale and economy market (excl Premier Inn)
- Expansion continuing at pace in Germany, establishing a broad national network with 59 open hotels (10,506 rooms) and 34 in the pipeline (6,286 rooms)
- Significant interaction through Chairman, Chief Executive, CFO, GC and IR team over the year

Customers

- Customer satisfaction scores in Premier Inn up a further 1.1%pts year-on-year in the UK and up 0.1%pts in Germany
- Branded restaurant customer satisfaction scores have increased year-on-year by 3.6%pts
- Continued our bed replacement programme, replacing over 58,000 beds across the estate to further reinforce quality of sleep for customers
- Refurbished a further 4,470 rooms to ensure a consistent, quality experience to customers
- Introduced early check-in and late check-out options for our guests
- Developed a further 918 Premier Plus rooms across 42 hotels to provide an upgrade option for customers, including 316 Premier Plus rooms in Germany across 11 hotels
- Opened and converted 22 new hotels and one new restaurant to provide a great-value accommodation and eating out option in even more locations for customers, including 11 new and converted hotels in Germany
- Expanded payment options for German guests with the launch of PayPal
- Launched My Premier Inn, our account offering, to German guests, improving their booking and booking management experience
- Improved customer service for our German customers through digital chat function on our Business Booker website
- Continued the check-out of our new 'Social' restaurant platform, introducing two brand new sites, giving our hotel guests a fantastic F&B experience

Environment

- First Double Materiality assessment is being worked through which will take into account not just how ESG issues impact our financial position or operating performance but also the impact that we can have on the environment and society
- Scope 1, 2 and 3 targets accredited by SBTi (both long and short term). This commits us to reduce Scope 1 and 2 emissions by 99.6% by 2040 and to reduce Scope 3 emissions by 90% by 2050
- Scope 1 and 2 carbon intensity reduction at 54.9% vs 2016/17 base year
- 14 hotels open to BREEAM excellent or higher standards
- First net zero hotel designed and built in Swindon, receiving the edie 'Built Environment Project of the Year Award'. This will form the blueprint for our new builds from 2027
- This year we have completed retrofits to operational net zero at six hotels, we will use the learnings to inform our continued roll-out over the coming years
- 3.6% reduction in water use per person, meaning we are on track to reach our target of a 20% reduction per person by 2030
- We continue to source our critical commodities responsibly, with 100% of whole beef farm assured, 100% of whole fish MSC certified and 100% of our whole shell eggs are cage free as well as targets on cotton and palm oil
- AA rating with MSCI and B in CDP Climate and Water retained
- Completed the full allocation of our £550 million Green Bond on 'green projects'

Suppliers

- Introduced option for discounted early payment to support supplier cashflow management
- Continued the committed buy process, giving additional contractual security on high value food products
- Continued additional due diligence on human rights

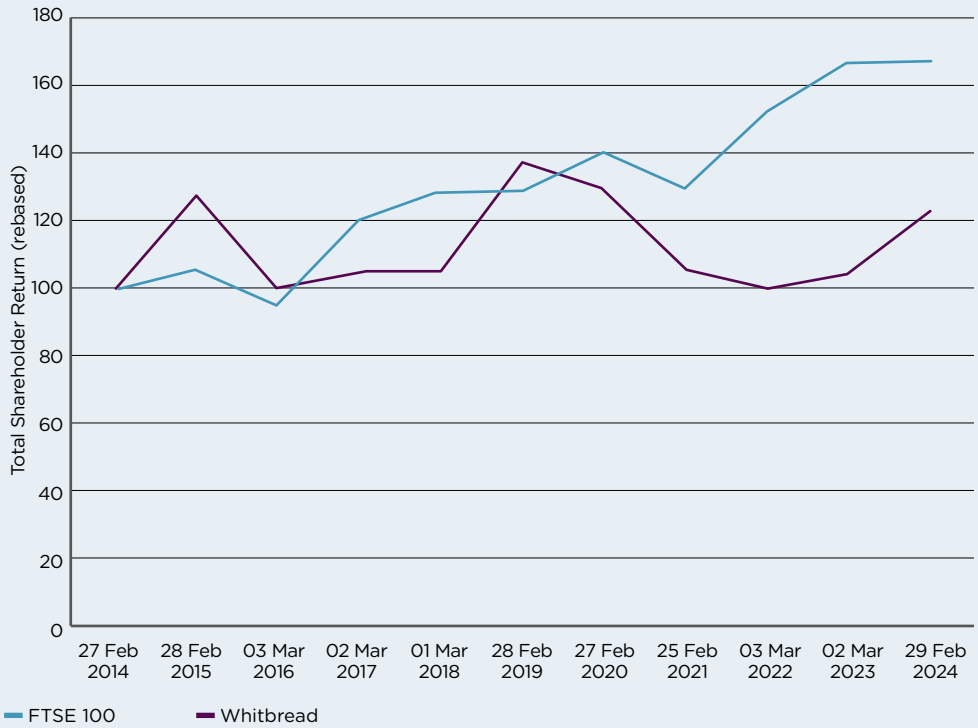
Communities

- Raised £2.4m for Great Ormond Street Hospital Children's Charity (GOSH Charity), resulting in a total of over £24.4m since the start of our 12-year partnership
- This included 'A Million Minutes', an opportunity for team members to make personal pledges to improve their health and wellbeing. 922 team members took part in individual challenges or team activities equating to a million minutes benefiting their wellness as well as raising £100,000 for GOSH Charity
- Raised €0.9m for our German charity partner Children for a better World e.V. (CHILDREN), a national charity fighting child poverty
- We have continued our partnership with Project Art Works, a Sussex-based charity, providing art as a form of therapy for those living in the community with complex needs. Project Art Works artworks are now displayed in every Premier Plus room across the UK and Germany with artwork in display in over 5,400 rooms
- 1,384 hours donated to a variety of local community projects through our New Site Opening volunteering initiative
- We have committed to donating up to 2,000 beds through our partnership with Hope and Aid to support humanitarian causes, this is on top of c50,000 duvets and pillow sets already donated

REMUNERATION AT A GLANCE

Business performance

Total Shareholder Return (TSR)



Source: Datastream from Refinitiv.

The chart looks at the value over ten years of £100 invested in Whitbread PLC on 27 February 2014 compared, on a consistent basis, with that of £100 invested in the FTSE 100 index based on 30 trading day average values. The FTSE 100 has been selected by the Committee as an appropriate comparator group due to Whitbread's position within the FTSE.

The ten years demonstrates the material impact of the COVID-19 pandemic. As we operate in the sector which felt the greatest impact of the pandemic, this caused a material fall in TSR vs the FTSE100. However, our recovery over the last three years, outperforming the travel and leisure sector, has delivered strong shareholder value.

Incentive outcomes in 2023/24

2023/24 Annual Incentive Scheme outcomes

Measure	Weighting (% of max)	Threshold	Target	Max	Outcome (% of maximum) Dominic Paul	Hemant Patel
Profit performance	50%	Actual: £561m			100.0%	100.0%
		£415.8m (10% payout)	£462.0m (60% payout)	£508.2m (100% payout)		
Efficiency savings	20%	Actual: £50m			100.0%	100.0%
		£35.0m (10% payout)	£40.0m (60% payout)	£46.0m (100% payout)		
Strategic objectives	20%	Details of performance are set out on pages 130 and 131			84.8%	89.6%
ESG measures	10%	Details of performance are set out on page 132			80.0%	80.0%
Total outcome (% of maximum)					94.96%	95.92%
Actual annual incentive					£1,453k	£865k
Value of which deferred into shares (50% of total)					£727k	£433k

2021 RSP underpin assessment

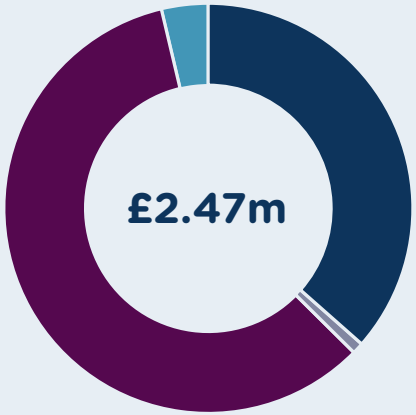
Underpin	Assessment	Vesting level (% of maximum)
Cumulative cost efficiency of £60m over the three-year period to the end of 2023/24	Met: £132m delivered	100%
Balanced assessment of underlying performance and delivery against its strategic priorities over the performance period	Met: full assessment set out on page 132	

The incumbent Chief Executive did not participate in the 2021 RSP.

2023/24 single total figure of remuneration

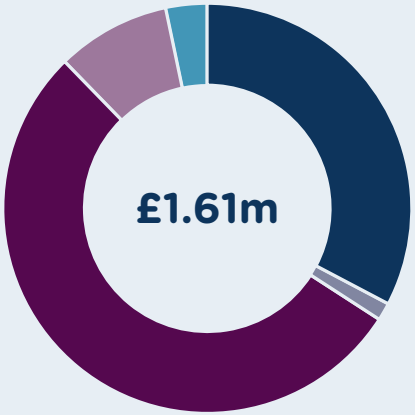
The diagram below provides a summary total single figure of remuneration for 2023/24. Further details are set out on page 129 in the Annual Report on Remuneration.

Dominic Paul
Chief Executive



Base salary	36.5%
Benefits	0.9%
Annual incentive scheme	58.9%
Restricted share plan	0.0%
Pension	3.7%

Hemant Patel
Chief Financial Officer

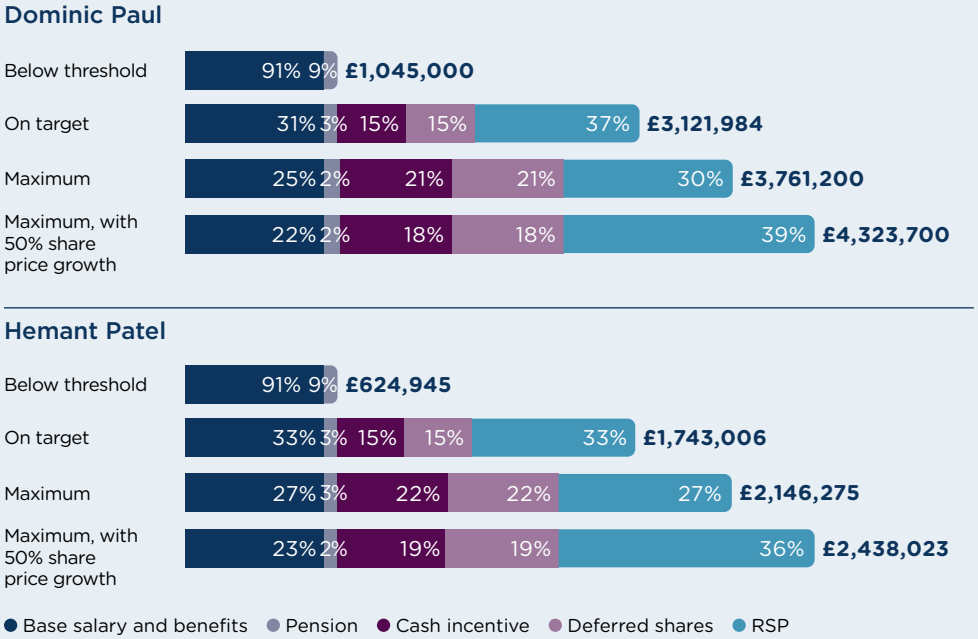


Base salary	32.7%
Benefits	1.4%
Annual incentive scheme	53.6%
Restricted share plan	9.0%
Pension	3.3%

Illustration of application of remuneration policy

The graphs below show how the Policy will be applied in 2024/25, with details of expected remuneration levels for each director for below threshold performance, for on-target performance and for maximum performance.

Executive directors – potential value of 2024/25 package



The table below sets out the assumptions used in the above scenario charts:

Below threshold	On target	Maximum
• Base salary, benefits and pension only • Salary reflects what will be paid in 2024/25 (i.e pro-rated to reflect the increase from 1 May 2024) • Benefits are included at the value in the 2023/24 single figure table	• Fixed pay elements plus target annual incentive and RSP • On-target incentive included at 57% of the maximum award (170% salary) • On-target RSP is 125% of salary for the Chief Executive and 110% of salary for the CFO	• Fixed pay elements plus maximum annual incentive award and RSP, with values as set out to the left • An additional scenario sets out the value of the RSP assuming a 50% increase in share price between grant and vesting

DIRECTORS' REMUNERATION POLICY

Summary of our remuneration policy and implementation for 2024/25

The Company's directors' remuneration policy (the 'Policy') was approved by shareholders at the annual general meeting on 15 June 2022. A summary of the Policy and how we intend to implement it for 2024/25 is set out below. The full Policy can be found at whitbread.co.uk/governance.

Key elements	24/25	25/26	26/27	27/28	28/29	Overview of remuneration policy		Implementation for 2024/25
Base salary, pension and benefits						**Salary**	Salaries are reviewed annually.	CEO: £936,000 (4% increase). CFO: £551,668 (4% increase).
						Benefits	Car or car allowance and healthcare or personal insurance. Additional benefits may be provided in exceptional circumstances (e.g. relocation).	In line with Policy.
						Pension	Maximum of 10% of salary.	CEO: 10% of salary. CFO: 10% of salary.
Annual incentive scheme						**Maximum opportunity**	Up to 200% of base salary. Any increase beyond 170% of salary will only be applied in exceptional circumstances.	CEO: 170% of salary. CFO: 170% of salary.
						Operation and metrics	Up to 50% of maximum paid in cash and the remainder is paid in deferred share awards. Deferred share awards normally vest after three years, subject to continued employment. Malus and clawback provisions apply.	Profit: 50%. Accelerated Efficiency: 20%. Strategic Objectives: 20%. ESG: 10%.
Restricted share plan						**Maximum opportunity**	CEO: 125% of salary. CFO: 110% of salary.	CEO: 125% of salary. CFO: 110% of salary.
						Operation and metrics	Three-year vesting period. Subject to two or more performance underpins and continued employment. Additional two-year holding period. Malus and clawback provisions apply.	Average lease-adjusted net debt to EBITDAR leverage ratio being less than 4.5x. Average ROCE for the UK business to be 9% or higher.
Shareholding requirement						**Shareholding requirements**	CEO: 300% of salary. CFO: 200% of salary.	Actual shareholding as at 29 February 2024: Dominic Paul 355%. Hemant Patel: 163%.
						Post-employment shareholding requirements	First-year post-cessation of employment: 100% of the normal shareholding requirement. Second year: 50% of the normal shareholding requirement. Third year: 25% of the normal shareholding requirement.	
Malus and clawback						**Circumstances**	i) Material misstatement of results. ii) Misconduct. iii) Material loss as a result of participant actions or behaviour. iv) Material reputational damage. v) An error in assessing the performance conditions or underpin. vi) Insolvency or corporate failure.	

ANNUAL REPORT ON REMUNERATION

Single total figure of remuneration – executive directors (audited information)

	Base salary		Benefits		Pension		Fixed pay		Annual Incentive Scheme		Long-term incentive		Variable pay		Total	
Director	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000
Dominic Paul	**900**	108	**22**	3	**90**	7	**1,012**	118	**1,453**	179	—	2,119	**1,453**	2,298	**2,465**	2,416
Hemant Patel	**528**	488	**22**	20	**53**	49	**603**	557	**865**	783	**146**	—	**1,011**	783	**1,614**	1,340

Base salary

Annual salary increases across the Group are usually effective from 1 May each year. The base salary numbers shown in the table therefore include two months' pay based on the director's salary from 1 May 2022 and ten months' pay based on the director's salary from 1 May 2023.

Benefits

The benefits received by each executive director include family private healthcare and a cash allowance in lieu of a company car.

Pension

The executive directors receive a monthly amount in cash in lieu of pension contributions. This is at the rate of 10% of base salary and is aligned with the rate available to the majority of the wider workforce. No executive director participates in a Group defined benefit or final salary pension scheme.

2023/24 Annual Incentive Scheme

The incentive for 2023/24 was assessed against a combination of profit, efficiency savings, strategic objectives and ESG metrics.

As stated in the Committee Chair's letter on page 123, the Committee believe the formulaic outcome was appropriate and consistent with the wider stakeholder experience and as such no discretion was exercised. As such the outcome of the Annual Incentive Scheme is as follows:

Director	Profit outcome (% maximum)	Efficiency target outcome (% maximum)	Strategic objectives outcome (% maximum)	ESG measures outcome (% maximum)	Total % of maximum	Total % of salary	Total £'000
Weighting	***50%***	***20%***	***20%***	***10%***			
Dominic Paul	100%	100%	84.8%	80%	94.96%	161.43%	1,453
Hemant Patel	100%	100%	89.6%	80%	95.92%	163.06%	865

Half of these awards will be paid in cash in May 2024, with the remaining half being settled in deferred shares, which are expected to vest in 2027.

Details on the financial measures outturns (70% of total award) and the overall outcomes are provided in the At a Glance section on page 126.

ANNUAL REPORT ON REMUNERATION CONTINUED

Single total figure of remuneration – executive directors (audited information) continued

2023/24 Annual Incentive Scheme continued

Awards based on strategic objectives (20% of total award)

Dominic Paul and Hemant Patel each had a number of business objectives and 20% of the maximum incentive opportunity was linked to performance against these objectives. A summary of each of the executive directors' objectives, together with the incentive outcomes, is shown in the tables below.

Chief Executive, Dominic Paul

Measure	Actual outcome vs Targets	Rating
Objective 1: Grow and innovate in the UK – 6.40% out of 7%		
Deliver the UK growth plan	• 2,253 new rooms opened in UK&I (vs stretch: 2,000) and added 1,957 rooms to committed pipeline (vs stretch: 1,250) Delivered UK revenue growth of 10% (vs stretch: 8.5%).	✓✓✓
Review strategic F&B options, develop implementation plan and execute agreed in-year activity	• Whole joint site portfolio reviewed with value optimising solution selected for each. Identified sites for disposal and extension opportunities, with 112 sites progressed for extension likely to result in 3,500 additional rooms. Re-started hotel extension programme with initial 400 bedrooms evaluated. All on track to deliver targets, programme and budget.	✓✓✓
Develop commercial and marketing programme of work to leverage Opera capability for 2024/25	• Clear plan of activity developed to drive commercial growth and leverage Opera in 2024/25. Developed programme with estimated annualised profit benefit in excess of £15m for 2024/25 (stretch: £15m of benefits).	✓✓
Achieve customer/guest satisfaction targets	• Achieved Premier Inn guest satisfaction of 53.5% (outcome between target and stretch of 52.4%/54.4%). • Achieved restaurants customer satisfaction of 54.9% (vs stretch target: 54.6%).	✓✓
Objective 2: Focus on our strengths to grow in Germany – 3.66% out of 6%		
Deliver network growth plan including organic pipeline additions in Germany	• 1,923 new and converted rooms (11 hotels) opened in Germany (outcome between target and stretch of 1,850/2,000). • Added 1,311 rooms (8 hotels) to committed pipeline (vs stretch: 700).	✓✓
Successfully define and launch the PI brand and proposition in Germany – and agree the distribution strategy	• Optimal end-state distribution strategy determined with a more diverse channel mix including indirect channels. German team now responsible for brand campaign and developing the headline brand claim with new marketing campaign to launch in H1 2024/25. Booking.com trial positive and fully rolled out.	✓✓
Deliver budgeted progress against the target returns and profitability plan	• Full-year loss of £(36)m (outcome between threshold and target of £(40)m and £(35)m respectively).	✓
Objective 3: Enhance our capabilities to support long-term growth – 6.90% out of 7%		
Opera delivery on time and on budget	• Training completed for all c13,000 Opera-facing employees and 98% of sites in the UK and Germany live (vs 95% target). All sites stable and have no outstanding critical performance fixes. Critical issues have all been resolved within 7 days. Converted sites performed in line with previous levels of revenue, and programme cost within budget envelope.	✓✓✓
Networks & People system projects tracking to agreed timetable and on budget	• Networks: 14 pilot sites live at half year (on target), with 60 sites deployed by end of 2023/24 (vs target: 40 sites). • People System: 90% design completion. Build and test 90% and 60% complete respectively. Cutover preparation and business readiness on-track in both UK and Germany. Both programmes' costs within budget envelope.	✓✓
Create plan for future (2024/25 onwards) accelerated efficiency programme	• Cost base analysed, benchmarked against best practice and detailed cost savings plan developed across technology, operations, procurement and support services. Determined implementation plan against preferred option.	✓✓✓
Ensure we have the organisational capabilities to support our growth ambitions in UK and Germany	• ExCo reshaped to deliver strategy, with recruitment of Group CCO and CTO and CEO for Germany. Germany CFO also recruited. Continued work on Board succession with new female NED appointed and Board succession plan agreed. New Talent cycle tools and resources developed, trained and rolled out to top 800.	✓✓✓
Total outcome (% of maximum incentive opportunity)		**16.96% out of 20%**

Chief Financial Officer, Hemant Patel

Measure	Actual outcome vs Targets	Rating
Objective 1: Grow and innovate in the UK – 6.60% out of 7%		
Deliver the UK growth plan	• 2,253 new rooms opened in UK&I (vs stretch: 2,000) and added 1,957 rooms to committed pipeline (vs stretch: 1,250).	✓✓✓
Review strategic F&B options, develop implementation plan and execute agreed in-year activity	• Whole joint site portfolio reviewed with value optimising solution selected for each. Identified sites for disposal and extension opportunities, with 112 sites progressed for extension likely to result in 3,500 additional rooms. Re-started hotel extension programme with initial 400 bedrooms evaluated. All on track to deliver targets, programme and budget.	✓✓✓
Delivery of UK revenue target and budgeted margin	• Revenue growth of 10% (vs stretch: 8.5%). • Adjusted PBT margin of 21.2% (vs stretch: 19.2%).	✓✓✓
Optimisation of UK estate portfolio	• Completed review of joint site portfolio and c.160 variable schemes progressed, and re-assessed Premier Inn network. • Proceeds of £56.8m received from disposal of surplus assets (vs stretch: £20m).	✓✓✓
Achieve customer/guest satisfaction targets	• Achieved Premier Inn guest satisfaction of 53.5% (outcome between target and stretch of 52.4%/54.4%). • Achieved restaurants customer satisfaction of 54.9% (vs stretch target: 54.6%).	✓✓
Objective 2: Focus on our strengths to grow in Germany – 2.42% out of 4%		
Deliver network growth plan including organic pipeline additions in Germany	• 1,923 new and converted rooms (11 hotels) opened in Germany (outcome between target and stretch of 1,850/2,000). • Added 1,311 rooms (8 hotels) to committed pipeline (vs stretch: 700).	✓✓
Deliver budgeted progress against the target returns and profitability plan	• Full-year loss of £(36)m (outcome between threshold and target of £(40)m and £(35)m respectively).	✓
Objective 3: Enhance our capabilities to support long-term growth – 8.90% out of 9%		
Deliver Investor Relations plan including broadening of shareholder base and communications of German value	• Executed plan to target UK underweight holders and US/ European investors, multiple roadshows/conferences held in US, Canada and Europe. Delivered first cohort analysis for Germany business underpinning our trajectory towards profitability.	✓✓✓
Deliver full-year 23 financial audit clearance with no material misstatements and half-year 24 interim review	• Delivered the 2022/23 audit clearance and HY24 interim review with no material misstatements and in line with results timetable.	✓✓✓
Application (and recommunication) of the capital allocation framework at FY and HY results	• Capital Allocation framework re-briefed at full-year results and again at H1 results. £300m share buy-back announced and substantially executed in H1, with a further £300m buy-back announced at interims and completed. • Feedback from shareholders highly supportive of both quantum and mechanism.	✓✓✓
Create plan for future (2024/25 onwards) accelerated efficiency programme	• Cost base analysed, benchmarked against best practice and detailed cost savings plan developed across technology, operations, procurement and support services. Determined implementation plan against preferred option.	✓✓✓
Opera delivery on time and on budget	• Training completed for all c.13,000 Opera-facing employees and 98% of sites in the UK and Germany live (vs 95% target). All sites stable and have no outstanding critical performance fixes. Critical issues have all been resolved within 7 days. Converted sites performed in line with previous levels of revenue, and programme cost within budget envelope.	✓✓✓
Networks & People system projects tracking to agreed timetable and on budget	• Networks: 14 pilot sites live at half year (on target), with 60 sites deployed by end of 2023/24 (vs target: 40 sites). • People System: 90% design completion. Build and test 90% and 60% complete respectively. Cutover preparation and business readiness on-track in both UK and Germany. Both programmes' costs within budget envelope.	✓✓
Total outcome (% of maximum incentive opportunity)		**17.92% out of 20%**

✗ Below threshold ✓ Between threshold and target ✓✓ Between target and stretch ✓✓✓ Stretch or above stretch

ANNUAL REPORT ON REMUNERATION CONTINUED

Single total figure of remuneration – executive directors (audited information) continued

2023/24 Annual Incentive Scheme continued

Awards based on ESG objectives (10% of total award)

The ESG targets for 2023/24, together with the results, are shown below. Only half of the maximum reward was payable based on a green result, with higher rewards available for stretch or excel performance above target.

ESG measure	Amber target	Green target	Stretch target	Excel target	Allocation	Result	(% of maximum)
Scope 1 and 2 intensity reduction vs 2016/17 base	>= 52% reduction, <53.2% reduction	>= 53.2% reduction, <53.7% reduction	>= 53.7% reduction, <54.7% reduction	>= 54.7% reduction	3%	**Excel: 54.9%** reduction	100%
Water reduction vs 2022/23 usage	>= 1.5% reduction, <2% reduction	>= 2% reduction, <2.5% reduction	>= 2.5% reduction, <3% reduction	>= 3% reduction	3%	**Excel: 3.6%** reduction	100%
Leadership diversity[1]	Senior leadership population to be made up of: • 42% female representation • 8% ethnic minority representation				4%	**Achieved**[1]**: 39.8%** female and **9.1%** ethnic minority representation	50%
TOTAL							**80%**

1 This measure was assessed in a binary manner, unlike the other measures with an amber to excel range as outlined above.

Long-term incentive

Assessment of performance underpins for the 2021 RSP

The 2021 RSP was awarded subject to two underpins and, for each underpin that is not met, the Committee may reduce the vesting outcome by up to 50%. Given the difficulty in setting financial metrics during the pandemic, following consultation with major shareholders in 2020/21, the Committee determined to set one financial underpin together with an underpin that was a balanced overall assessment of performance and delivery against strategic priorities.

- **Cumulative cost efficiency of £60m over the three-year performance period:** Over the period, there were efficiency savings of £132m, therefore, this underpin was met.
- **Balanced overall assessment of performance and delivery against its strategic priorities over the performance period with the default that the underpin would be met in the absence of clear evidence of management failure or significant underperformance:** The Committee assessed the performance of management and the business, taking into account the Group's financial performance, balance sheet strength, market share, response to the COVID-19 pandemic and recovery of shareholder value and performance against environmental, social and corporate governance priorities. The Committee concluded that there was no evidence of management failure and that management had delivered exceptional performance, therefore this underpin was met.

Therefore, the Committee determined that the 2021 RSP should vest in full.

Windfall gains

When assessing the vesting of the 2020 RSP award at this time last year, the Committee decided to reduce the vesting level to reflect windfall gains. In determining the vesting level of the 2021 award, the Committee has again considered whether any windfall gain has arisen and concluded that it has not. In particular, the share price at which the award was granted was significantly higher (c.48%) than the grant price of the previous award.

The number and value of shares vesting for Hemant Patel under the RSP is as follows:

Director	Number of shares granted	Number of shares vesting	Estimated value at vesting date (£'000)
Hemant Patel	4,158	4,158	146

The share price used to calculate the value at vesting was 3,511.65 pence, which was the average closing price of a Whitbread share in the final quarter of the 2023/24 financial year. The estimated value attributable to share price movement since grant was £667.

Single total figure of remuneration – Chairman and non-executive directors (audited information)

	Base fee		Senior Independent director fee		Fee as Chairman of a Board Committee		Fee as a member of a Board Committee		Total	
Director	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000	**23/24 £'000**	22/23 £'000
Adam Crozier	**433**	420	**—**	—	**—**	—	**—**	—	**433**	420
David Atkins	**66**	64	**—**	—	**—**	—	**11**	10	**77**	75
Kal Atwal	**66**	64	**—**	—	**—**	—	**5**	5	**72**	69
Horst Baier	**66**	64	**—**	—	**—**	—	**5**	5	**72**	69
Fumbi Chima	**66**	64	**—**	—	**—**	—	**5**	5	**72**	69
Frank Fiskers	**66**	64	**—**	—	**21**	21	**5**	5	**93**	90
Richard Gillingwater	**66**	64	**16**	15	**—**	—	**5**	5	**87**	85
Karen Jones[1]	**66**	9	**—**	—	**—**	—	**5**	1	**72**	10
Chris Kennedy	**66**	64	**—**	—	**21**	21	**—**	—	**87**	85
Shelley Roberts[1]	**22**	—	**—**	—	**—**	—	**2**	—	**24**	—
Cilla Snowball[1]	**66**	7	**—**	—	**—**	—	**5**	1	**72**	7

1 Karen Jones, Cilla Snowball and Shelley Roberts joined the Board on 9 January 2023, 24 January 2023 and 1 November 2023 respectively.

Neither the Chairman nor the non-executive directors are entitled to any additional benefits.

Statement of directors' shareholding and share interests (audited information)

The Committee believes that the shareholding requirements for executives play an important role in the alignment of the interests of executives and shareholders and help to incentivise executives to deliver sustainable long-term performance.

The Chief Executive's shareholding requirement is 300% of salary and the Chief Financial Officer's is 200% of salary. All shares vesting from incentive plans cannot be sold until the shareholding requirement has been met. The Chairman and the non-executive directors are each required to build a holding to the value of 100% of their annual fee over a three-year period.

The table below shows the holdings of directors as at 29 February 2024:

Director	Ordinary shares	Share awards[1]	Value based on input price £'000	Value based on market price £'000	Requirement % of salary/base fee	% of salary based on input price	% of salary based on market price	Share awards not counting towards requirements
CHAIRMAN								
Adam Crozier	13,930	—	455	489	100	105	113	—
EXECUTIVE DIRECTORS								
Dominic Paul	25,051	124,395	2,500	3,195	300	278	355	36,346
Hemant Patel	10,942	25,908	745	866	200	140	163	42,523
NON-EXECUTIVE DIRECTORS								
David Atkins	3,137	—	99	110	100	150	166	—
Kal Atwal	2,063	—	60	72	100	91	109	—
Horst Baier	2,456	—	86	86	100	130	130	—
Fumbi Chima	2,061	—	60	72	100	91	109	—
Frank Fiskers	3,865	—	110	136	100	166	205	—
Richard Gillingwater	2,000	—	70	70	100	106	106	—
Karen Jones	1,175	—	40	41	100	60	62	—
Chris Kennedy	3,270	—	98	115	100	147	173	—
Shelley Roberts	417	—	15	15	100	23	22	—
Cilla Snowball	2,258	—	70	79	100	105	120	—

1 The market price used was the average for the last quarter of the financial year (3,511.65 pence). The number of share awards shown is the full number, but the valuation of those awards has been reduced to reflect deductions to be made at the point of exercise in respect of income tax and national insurance contributions. The awards counting towards the requirement include deferred shares awarded under the Annual Incentive Scheme and unexercised awards under the Restricted Share Plan and the Recruitment and Retention Scheme, where no further performance conditions apply. All share awards are structured as nil-cost options on vesting. The awards not counting towards requirements are unvested awards under the Restricted Share Plan, where the performance underpins have not yet been tested.

There has been no change to the interests in the tables shown on this page between the end of the financial year and the date of this report.

Awards granted in 2023/24

The tables below outline the share awards granted during 2023/24. Awards were granted using the average closing price of a Whitbread share for the five trading days immediately prior to the grant, excluding any days on which dealing in Whitbread shares by management was prohibited.

Deferred share awards under the Annual Incentive Scheme

50% of the total annual incentive earned in respect of performance during 2022/23 was deferred into shares, as detailed below. Deferred share awards are subject to continued employment, but are not subject to further performance conditions.

Director	Date of award	Number of shares	Market price (p)	Total value (£'000)	Vesting date
Dominic Paul	25 April 2023	3,332	3,095.2	103	01 March 2026
Hemant Patel	25 April 2023	12,904	3,095.2	399	01 March 2026

2023 Restricted Share Plan

Director	% of base salary awarded	Date of award	Number of shares granted	Share price used (p)	Face value of award at grant (£'000)	Vesting date
Dominic Paul	125	25 April 2023	36,346	3,095.2	1,125	25 April 2026
Hemant Patel	110	25 April 2023	18,302	3,095.2	566	25 April 2026

The awards made under the Restricted Share Plan are subject to the following two underpins being met, which are assessed over the three-year performance period to the end of 2025/26:

- the Company's average lease-adjusted net debt to FFO leverage ratio being less than 4.7x; and
- the Company's average ROCE for the UK business to be 9% or higher.

Awards vesting will then be subject to a two-year holding period.

Options exercised (audited information)

Director	Scheme	Number of shares	Exercise price	Exercise date	Market price on exercise (p)
Dominic Paul	RSP	6,545	N/A	25-May-23	3,271.0
Hemant Patel	AIS	2,902	N/A	25-May-23	3,271.0
	R&R	8,471	N/A	25-May-23	3,271.0

Key

AIS: Awards made under the Annual Incentive Scheme

RSP: Awards made under the Restricted Share Plan

R&R: Shares awarded under the Recruitment & Retention Scheme prior to Hemant's appointment as a director

Payments to past directors (audited information)

Alison Brittain

As disclosed in last year's remuneration report, Alison Brittain was treated as a 'good leaver' on her retirement from the Company.

Alison Brittain's 2021 RSP award was eligible for vesting subject to assessment of the performance underpins and time pro-rating. Based on the assessment versus the performance underpins as set out on page 132, the 2021 RSP vested in full for eligible participants. The estimated value of the award that will vest to Alison Brittain is follows:

Award	Number of shares granted	Vesting outcome (% of maximum)	Number of shares vesting (before pro-ration)	Number of shares vesting (after pro-ration)	Estimated value at vesting date (£'000)
2021 RSP	31,363	100%	31,363	20,910	734

The share price used to calculate the value at vesting was 3,511.65 pence, which was the average closing price of a Whitbread share in the final quarter of the 2023/24 financial year.

Chief Executive's remuneration

Whitbread is in the hospitality business and has a large workforce of around 38,000 team members who are employed directly by the business, with the majority being in hourly paid customer-facing roles in our hotels and restaurants. We have an aligned set of reward principles for all employees which includes a core principle to offer competitive pay rates at all levels, reflecting our position as a leading organisation in the hospitality sector. This enables us to attract and retain the right talented people for our winning teams.

For our hourly paid team members, we benchmark against other hospitality companies to ensure we are competitive when comparing pay with similar organisations and we operate an approach to pay which increases pay for skills progression with clear and transparent pay rates for each role that increase as new skills are developed. For our Chief Executive, we benchmark against the FTSE 31-100 (removing any non-comparative industries such as Financial Services, Oil & Gas and Natural Resources, which include significantly higher levels of remuneration) and this allows us to have an appropriate comparison for this role in our sector.

As noted in previous years, the Chief Executive has a high level of variable pay, and therefore the CEO median pay ratio fluctuates in line with Chief Executive incentive outcomes each year.

For 2023/24 the median pay ratio has reduced from 141:1 in 2022/23 to 105:1. The primary driver of the reduction is the absence of any vesting under the RSP as a result of Dominic Paul commencing employment in January 2023 and his first RSP award not being due to vest until April 2025. A further factor is that Dominic Paul's salary is lower than that of his predecessor, Alison Brittain. It should be noted that the 2022/23 figure was based on the combined payments made to Alison Brittain and Dominic Paul.

All three of the UK employee reference points compare our Chief Executive's remuneration with that of hourly paid team members in customer-facing roles in the operational sites and again there is relatively limited difference in the 25th, median and 75th percentile ratios as shown below. Given this, we believe the median pay ratio is consistent with the reward policies for our UK employees. Whitbread has continued to use Option A to calculate its ratio, as the data required is readily available and this option provides the most accurate comparison as the figures are calculated on a like-for-like basis.

ANNUAL REPORT ON REMUNERATION CONTINUED

Chief Executive's remuneration continued

The table below shows how the total pay of the Chief Executive compares with our UK employees at the 25th, median and 75th percentile:

Year	Method	25th percentile ratio	Median pay ratio	75th percentile pay ratio
2023/24	**Total wages/salary (FTE):**	**£22,225**	**£22,953**	**£24,804**
	Total remuneration (FTE):	**£22,450**	**£23,421**	**£25,350**
	Pay ratio (Option A):	**110:1**	**105:1**	**97:1**
2022/23	Pay ratio (Option A):	147:1	141:1	131:1
2021/22	Pay ratio (Option A):	110:1	105:1	98:1
2020/21	Pay ratio (Option A):	55:1	53:1	50:1
2019/20	Pay ratio (Option A):	150:1	143:1	134:1

The figures were calculated on 29 February 2024 (the 'snapshot date') and use the single figure methodology (salary, benefits, annual incentive, LTIP, pension) and for the Chief Executive this is taken from the total single figure remuneration for 2023/24 on page 129 of £2.465m.

Annual percentage change in remuneration

We are required to publish the annual percentage change in remuneration (salary or fees, benefits and annual bonus) for each Director compared to the annual average percentage change in remuneration for the employees (excluding Directors) of the parent company. As Whitbread PLC has no employees, this statutory disclosure is not possible. For information purposes, the remuneration of the Group's employees as a whole increased by 6.0% versus the previous year.

	2023/24			2022/23			2021/22			2020/21			2019/20		
	% change 2023/24 - 2022/23			% change 2022/23 - 2021/22			% change 2021/22 - 2020/21			% change 2020/21 - 2019/20			% change 2019/20 - 2018/19		
Director	**Base salary/ fees**	**Benefits**	**Annual bonus**	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus
EXECUTIVE DIRECTORS															
Dominic Paul[1]	0%	0%	1%	—	—	—	—	—	—	—	—	—	—	—	—
Hemant Patel[1]	3%	0%	5%	—	—	—	—	—	—	—	—	—	—	—	—
NON-EXECUTIVE DIRECTORS															
Adam Crozier	3%	—	—	3%	—	—	7%	—	—	(5%)	—	—	0%	—	—
David Atkins	3%	—	—	3%	—	—	6%	—	—	(4%)	—	—	1%	—	—
Kal Atwal	3%	—	—	3%	—	—	—	—	—	—	—	—	—	—	—
Horst Baier	3%	—	—	3%	—	—	7%	—	—	(6%)	—	—	—	—	—
Fumbi Chima	3%	—	—	3%	—	—	—	—	—	—	—	—	—	—	—
Frank Fiskers	3%	—	—	3%	—	—	5%	—	—	15%	—	—	11%	—	—
Richard Gillingwater	3%	—	—	3%	—	—	5%	—	—	(4%)	—	—	8%	—	—
Karen Jones[2]	3%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Chris Kennedy	3%	—	—	3%	—	—	5%	—	—	(4%)	—	—	1%	—	—
Shelley Roberts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cilla Snowball[2]	3%	—	—	—	—	—	—	—	—	—	—	—	—	—	—

1 Dominic Paul joined the Board and became Chief Executive with effect from 17 January 2023. Hemant Patel joined the Board on 21 March 2022. To enable a meaningful year-on-year comparison their remuneration reflects pro-rated full-year earnings in 2022/23 and 2023/24 respectively. See page 129 for details of executive director remuneration which support the percentage changes above.

2 Karen Jones and Cilla Snowball joined the Board on 9 January 2023 and 24 January 2023 respectively. To enable a meaningful year-on-year comparison their remuneration reflects pro-rated full-year fees in 2022/23 and 2023/24 respectively. Shelley Roberts joined the Board on 1 November 2023, and therefore no year-on-year comparison is possible. Neither the Chairman nor the non-executive directors are entitled to any additional benefits. See page 134 for details of the Non-Executive Director remuneration which support the percentage changes for 2023/24 above, and previous remuneration reports for other years.

Ten-year history of Chief Executive remuneration

The following table shows the Chief Executive's pay over the last ten years, with details of the percentage of maximum paid out under the Annual Incentive Scheme and the LTIP/RSP vesting percentage for each year.

Year	Chief Executive	Single total figure of remuneration (£'000)	% of maximum annual incentive achieved	% of LTIP/RSP award vesting
2023/24	**Dominic Paul**	**2,465**	**95.0**	**N/A**
2022/23	Alison Brittain	3,199[1]	94.4	45.0
	Dominic Paul	2,416[2]	94.4	N/A
2021/22	Alison Brittain	2,164	71.4	N/A
2020/21	Alison Brittain	1,032	0.0	N/A
2019/20	Alison Brittain	2,636	56.7	36.0
2018/19	Alison Brittain	5,588	54.8	0.0
2017/18	Alison Brittain	2,336	64.1	38.3
2016/17	Alison Brittain	2,509	49.8	76.5
2015/16	Alison Brittain	634	38.8	N/A
	Andy Harrison	2,423	38.8	97.2
2014/15	Andy Harrison	4,554	86.8	100.0

1 In determining the combined CEO remuneration for 2022/23 for the purposes of the CEO pay ratio, Alison Brittain's remuneration in respect of the period to 17 January 2023 only was used (£2,845m), reflecting that Dominic Paul became CEO with effect from the close of the Board meeting held on that day.

2 Includes a value of £2.12m that Dominic Paul received as replacement share awards to compensate him for the awards that he forfeited at his previous employer. This was not taken into account when determining the CEO pay ratio (£0.297m used in the CEO pay ratio).

Relative importance of spend on pay

The table below compares the change in total expenditure on employee pay during the year with the change in dividend payments and share buybacks.

	2022/23	**2023/24**	% change
Employee costs	£784.3m	**£837.8m**	6.8%
Dividends and share buybacks	£119.1m	**£755.8m**	534.6%

Implementation of remuneration policy in 2024/25

Base salary

Dominic Paul and Hemant Patel will each receive a 4% salary increase in May 2024. This is lower than the increases in pay for salaried employees across the organisation. The base salaries of the executive directors with effect from 1 May 2024 will be as follows:

Director	Base salary at 1 May 2024 (£'000)	Base salary at 1 May 2023 (£'000)
Dominic Paul	936	900
Hemant Patel	552	530

Benefits and pension

The benefits received by each executive director will continue to include family private healthcare, a cash allowance in lieu of a company car and cash allowances at 10% of salary in lieu of pension.

Annual Incentive Scheme

To be eligible to receive incentive payments, there are 'gateway' requirements relating to leadership behaviour. Any incentive payments will be at the discretion of the Remuneration Committee in the event that the health and safety score is red on the WINcard. The expectation is that our leaders' actions reflect Whitbread's values and Code of Conduct, including our approach to health and safety. Keeping our team and customers safe is not an incentive lever but a core responsibility that earns the right to achieve incentivised rewards. The Committee has the discretion to amend formulaic outcomes.

The measures and weightings for the 2024/25 annual incentive are therefore as follows:

Measure	Weighting
Profit performance	50%
Efficiency	20%
Strategic objectives	20%
ESG measures	10%

Implementation of remuneration policy in 2024/25 continued

Annual Incentive Scheme continued

Financial measures

The targets of the two financial metrics, which make up 70% of the annual incentive, are considered by the Board to be commercially sensitive and, for that reason, are not disclosed in advance. The Committee intends to disclose the targets retrospectively in the 2024/25 report.

Targets have been set with reference to external consensus and budget, assuming a mid-range scenario of impacts which might result from the Accelerating Growth Plan. Given that the plans are still subject to consultation, the Committee will keep these targets under review to ensure no material benefit or penalty arises if the reality of any change is different from that assumed when setting targets.

Strategic objectives

Each executive director also has business objectives aligned with the Group's strategic priorities. They will be eligible to receive up to 20% of the maximum incentive opportunity based on the delivery of these objectives. Some of the objectives have measures with clear threshold, on-target and stretch targets, whereas others will be objectively assessed against a stretch level of performance. All measures are quantifiable and linked to the business plan and future financial performance. For both executives, objectives have been set under the following areas:

- grow and innovate in the UK;
- focus on our strengths to grow in Germany; and
- enhance our capabilities to support long-term growth.

ESG measures

The 10% allocation to ESG measures will be split between:

- reduction in carbon emissions;
- diversity in our senior leadership population; and
- reduction in water use.

Cash awards will be made in May 2025, with deferred share awards granted in April or May 2025 and due to vest in 2028, with no further performance conditions applying.

Restricted Share Plan

Awards will be granted at 125% of salary for Dominic Paul and 110% of salary for Hemant Patel. The awards will be subject to two underpins and, subject to these underpins being met, are expected to vest in 2027, after which they will be subject to a two-year holding period.

The underpins are the same as used for last year's award, other than a minor change to the leverage underpin to reflect that Fitch has changed its leverage metric to be based on EBITDAR rather than FFO. Therefore, the underpins will be:

- the Company's average lease-adjusted net debt to EBITDAR leverage ratio being less than 4.5x; and
- the Company's average ROCE for the UK business to be 9% or higher.

This is an equivalent measure to the lease adjusted net-debt leverage ratio underpin used for the 2023 RSP award which was 4.7x FFO.

Chairman's fee

The Chairman received a 4% increase in his fee with effect from 1 March 2024, taking his annual fee to £450,180.

Non-executive director fees

The base annual fee for non-executive directors increased on 1 March 2024 by 4% to £68,880. The fees for the chairmanship of the Audit Committee and the Remuneration Committee were increased to £22,070. The fee for the Senior Independent Director increased to £16,560 and the fees for membership of the Audit and Remuneration Committees increased to £5,530.

Statement of shareholder voting

The advisory resolution to approve the 2022/23 annual report on remuneration was put to shareholders for approval at the 2023 AGM and the resolution was passed. The resolution to approve the directors' remuneration policy was put to shareholders for approval at the 2022 AGM and that resolution was also passed.

The voting results were as follows:

Resolution	For	Against	Total	Withheld
Annual report on remuneration	126,239,328 (94.0%)	8,099,223 (6.0%)	134,338,551	75,949
Directors' remuneration policy	109,378,984 (85.7%)	18,280,422 (14.3%)	127,659,406	145,506

Directors' service contracts

The key terms of the executive directors' service contracts are as follows:

- **notice period** – nine months by the director and 12 months by the Company;
- **termination payment** – details of the termination policy are set out in our remuneration policy, which can be found on the Company's website at whitbread.co.uk/governance;
- **sickness** – full salary for a maximum of 12 months in any three-year period or for a maximum of nine consecutive months; and
- **non-compete** – for six months after leaving or being put on garden leave.

The dates of the executive directors' service contracts are as follows:

Dominic Paul	28 June 2022
Hemant Patel	26 January 2022

Executive directors' service contracts are available for inspection by any person at the Company's registered office during normal office hours and on the Company's website at www.whitbread.co.uk. The executive directors are entitled to retain fees from external directorships.

The effective dates of the letters of appointment of the Chairman and the non-executive directors are as follows:

Adam Crozier	1 March 2018
David Atkins	1 January 2017
Kal Atwal	1 March 2021
Horst Baier	1 November 2019
Fumbi Chima	1 March 2021
Frank Fiskers	1 February 2019
Richard Gillingwater	27 June 2018
Karen Jones	9 January 2023
Chris Kennedy	1 March 2016
Shelley Roberts	1 November 2023
Cilla Snowball	24 January 2023

The Chairman and non-executive directors were each appointed for an initial three-year term and are subject to annual re-election at the AGM.

How pay links to the wider Whitbread workforce

Comparison of executive remuneration policy with wider employee population

When reviewing the executive directors' remuneration policy, the Remuneration Committee takes into consideration the pay and employment conditions of all employees across the Group. Remuneration was discussed at the Our Voice forum and during the year the Remuneration Committee considered wider workforce remuneration and its alignment with executive remuneration together with the key themes from employee engagement.

This section describes each element of the executive remuneration package and explains the extent to which those elements are made available to the wider employee population.

Base salary

The base salaries of all employees, including the executive directors, are subject to annual review. Under normal circumstances, the annual increase in salary for an executive director will be in the same range as the increase for employees across the Group.

Benefits

Approximately 450 employees across the Group are entitled to a company car or cash in lieu of a company car. The scheme is structured so that the level of the allowance is on a sliding scale, with employees on higher grades receiving a larger allowance. The executive directors are no longer entitled to a company car under this scheme but are entitled to receive cash in lieu of a car.

Approximately 2,300 employees are entitled to participate in the Group's private healthcare scheme, with 700 of these, including the executive directors, entitled to family cover. In addition, a small number of senior executives, including the executive directors, are entitled to annual health screening.

All employees receive discounts on Company products, but the executive directors have waived their right to this benefit.

Whitbread's Sharesave scheme is a standard HMRC-approved SAYE scheme. It is offered to all employees in the UK and Germany, including the executive directors, on equal terms.

Annual Incentive Scheme

Approximately 4,400 employees are eligible to take part in an annual incentive scheme linked to the achievement of financial and other business targets. The maximum opportunity is dependent on role. Approximately 60 employees, including the executive directors, are entitled to participate in the Annual Incentive Scheme, with maximum payouts split between cash and deferred share awards, ranging from 60% to 170% of base salary.

Approximately 100 employees, including the executive directors, are given individual strategic objectives in addition to the financial and other business targets mentioned above.

Restricted Share Plan

Approximately 55 employees, including the executive directors, participate in the RSP. This plan is not available to the wider employee population, although the Sharesave scheme provides employees with a form of long-term incentive.

Pension

Like all employees, the executive directors are entitled to participate in the Company's pension scheme. The scheme is a defined contribution scheme. Employees below the executive level are able to choose a contribution rate of between 5% and 10% and have this matched by the Company. Employees who do not choose to participate may be automatically enrolled, with contributions in line with the automatic enrolment regulations.

Since 31 December 2022, the executive directors have received Company contributions of 10% of base salary which, in accordance with provision 38 of the Code, aligns with the contribution rate offered to the majority of the wider workforce. The upper limit for new joiners continues to be 10% of base salary as agreed in the previous policy. Contributions can be allocated to the individual's pension or taken as cash.

Remuneration Committee – responsibilities

- Set the broad policy for the remuneration of the Chairman and members of the Executive Committee, including the executive directors.
- Within the terms of the agreed policy, determine the total individual remuneration package (including incentive payments, share awards and other benefits) of the Chairman and each executive director.
- Monitor the structure and level of remuneration of Executive Committee members.
- Approve the design of, and determine the targets for, executive incentive schemes.
- Approve awards to be made to executive directors and other senior executives under incentive schemes.
- Ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Review the alignment of incentives with the Company's wider culture.
- Obtain ideas and concerns from the wider workforce about reward and take into account workforce remuneration across the Company and externally when setting remuneration policy for the executive directors.

In carrying out its duties, the Committee has taken into account the principles outlined in the UK Corporate Governance Code 2018, including provisions 40 and 41. The Committee believes that the Company's remuneration structures are aligned to the Company's culture and values. Furthermore, the Company's remuneration structures are simple and clear, with executive directors receiving base salary, an annual incentive and a long-term incentive under the RSP.

Risk is managed, with both the Annual Incentive Scheme and the RSP being subject to malus and clawback provisions. In addition, a poor health and safety performance would lead to a reduced payout under the Annual Incentive Scheme and the underpins under the RSP provide protection against any payment for failure.

Outcomes are predictable to the extent that the Company achieves its targets over any given performance period.

A significant proportion of an executive's total reward is linked to performance, with much of the reward achieved being deferred. This helps to align the interests of executives to investors.

Remuneration Committee – advisers

Internal advisers

Clare Thomas	General Counsel and Secretary to the Committee
Rachel Howarth	Chief People Officer
Steve Jones	Reward, Pensions and Insight director

External advisers

PwC, one of the founding members of the Remuneration Consultants Group Code of Conduct, was appointed remuneration consultant by the Committee with effect from September 2017 following a rigorous tender process and adheres to this code in its dealings with the Committee. Fees paid to PwC in respect of advice received by the Committee amounted to £157,000. These fees were charged on a time and material basis.

The Committee is satisfied that the advice received is independent and objective. The Committee is comfortable that the PwC engagement partner and team that provide remuneration advice to the Committee do not have connections with the Company that may impair their independence or objectivity. PwC also provided Whitbread with internal audit and other consulting advice.

Remuneration Committee agenda – 2023/24

- Approval of Annual Incentive Scheme and targets for 2023/24.
- Approval of awards of cash and deferred shares to executive directors and senior executives under the 2022/23 Annual Incentive Scheme.
- Executive directors' and senior executives' salary review.
- Consideration of shareholder feedback on the underpins for the 2023 RSP award.
- Approval of the 2023 awards made under the RSP.
- Approval of the 2023 remuneration report.
- Confirmation of the vesting percentage for the RSP awards made in 2020 and due to vest in 2023.
- The approach to underpins for the 2024 RSP award.
- Review of wider remuneration strategy across the organisation.
- Chris Vaughan's remuneration treatment on retiring as General Counsel and Company Secretary.
- Feedback from shareholder meetings.
- An update on performance of the 2023/24 Annual Incentive Scheme.
- An update on performance against the underpins for the 2021 RSP award.
- Committee effectiveness evaluation.
- Review of the terms of reference.

Frank Fiskers
Chair, Remuneration Committee
29 April 2024

DIRECTORS' REPORT

Certain information required for disclosure in this report is provided in other appropriate sections of the Annual Report and Accounts. These include the corporate governance and remuneration reports and the Group financial statements and notes to those financial statements, and accordingly these are incorporated into the report by reference.

The directors present their report and accounts for the year ended 29 February 2024.

Results and dividends

Group adjusted profit before tax	£561m
Group profit before tax	£452m
Interim dividend paid on 8 December 2023	34.1p per share
Recommended final dividend	62.9p per share
Total dividend for the year	97.0p per share

Details on the Group's dividend policy can be found on page 44 in the Chief Financial Officer's review.

Subject to approval at the AGM, the final dividend will be payable on 5 July 2024 to the shareholders on the register at the close of business on 24 May 2024.

The Board

Board of directors

The directors at the date of this report are listed on pages 107 to 110. Shelley Roberts was appointed to the Board as an independent non-executive director on 1 November 2023.

Details of directors' training are given in the **Nomination Committee report** on page 115

Both David Atkins and Fumbi Chima have confirmed they will not seek re-election at this year's forthcoming AGM.

Directors' service contracts

The key terms of the executive directors' service contracts, together with the dates of those contracts, can be found in the remuneration report on page 139, along with the effective dates of the letters of appointment of the Chairman and the non-executive directors.

The executive directors' service contracts are available for inspection at our head office.

Powers of directors

The business of the Company is managed by the directors who may exercise all the powers of the Company, subject to the Company's articles of association, any relevant legislation and any directions given by the Company by passing a special resolution at a general meeting. In particular, the directors may exercise all the powers of the Company to borrow money, issue shares, appoint and remove directors and recommend and declare dividends.

Appointment and replacement of directors

Directors shall be no fewer than two and no more than 20 in number. Directors may be appointed by the Company, by ordinary resolution or by the Board of directors.

In accordance with the UK Corporate Governance Code 2018, all directors will stand for annual re-election at each AGM.

The Company may, by special resolution, remove any director before the expiration of his/her term of office.

Directors automatically stop being directors if:

- they give the Company a written notice of resignation (at the date such notice expires);
- they give the Company a written notice in which they offer to resign and the other directors decide to accept the offer;
- all of the other directors (who must comprise at least three people) pass a resolution or sign a written notice requiring the director to resign;
- they are or have been suffering from mental or physical ill health and the directors pass a resolution removing the director from office;
- they have missed directors' meetings (whether or not an alternate director appointed attends those meetings) for a continuous period of six months without permission from the directors and the directors pass a resolution removing the director from office;
- a bankruptcy order is made against them or they make any arrangement or composition with their creditors generally;
- they are prohibited from being a director under any applicable legislation; or
- they cease to be a director under any applicable legislation or are removed from office under the Company's articles of association.

Directors' indemnity

A qualifying third-party indemnity provision was in force for the benefit of the directors during the financial year. In addition, a qualifying pension scheme indemnity provision was in force for the benefit of Whitbread Pension Trustees during the financial year.

Compensation for loss of office

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid.

Directors' share interests

Details regarding the share interests of the directors in the share capital of the Company, including with respect to options to acquire ordinary shares, are set out in the remuneration report on page 134.

Shares

Share capital

Details of the issued share capital can be found in Note 27 to the accounts.

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives to attend general meetings and to exercise voting rights. Holders of ordinary shares may receive a dividend and, on a liquidation, may share in the assets of the Company. Holders of ordinary shares are entitled to receive the Company's Annual Report and Accounts. Subject to meeting certain thresholds, holders of ordinary shares may requisition a general meeting of the Company or the proposal of resolutions at AGMs.

Voting rights

On a show of hands at a general meeting of the Company, every holder of ordinary shares present, in person or by proxy, and entitled to vote, has one vote (unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution) and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. Voting rights for any ordinary shares held in treasury are suspended. None of the ordinary shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than (i) 48 hours before a meeting or adjourned meeting (excluding non-working days), or (ii) 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.

Unless the directors decide otherwise, a shareholder cannot attend or vote at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or upon a poll or exercise any other right conferred by membership in relation to general meetings or polls if he or she has not paid all amounts relating to those shares which are due at the time of the meeting.

Where a shareholder with at least a 0.25% interest in a class of shares has been served with a disclosure notice in relation to a particular holding of shares and has failed to provide the Company with information concerning those shares, those shares will no longer give that shareholder any right to vote at a shareholders' meeting.

Restrictions on transfer of shares

There are the following restrictions on the transfer of shares in the Company:

- Certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws).
- Pursuant to the Company's share dealing code, the directors and senior executives of the Company require approval to deal in the Company's shares.
- Where a person with at least a 0.25% interest in a class of shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.
- The subscriber ordinary shares may not be transferred without the prior written consent of the directors.
- The directors can, without giving any reason, refuse to register the transfer of any shares which are not fully paid.
- Transfers cannot be in favour of more than four joint holders.
- The directors can refuse to register the transfer of an uncertificated share in the circumstances set out in the uncertificated securities rules (as defined in the Company's articles of association).

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

B shares and C shares

Holders of B shares and C shares are entitled to receive an annual non-cumulative preferential dividend calculated the Bank of England rate on a value of 155p per B share and 159p per C share respectively, but are not entitled to any further right of participation in the profits of the Company. They are also entitled to payment of 155p per B share and 159p per C share respectively on a return of capital on winding-up (excluding any intra-Group reorganisation on a solvent basis). Except in limited circumstances, the holders of the B shares and C shares are not entitled, in their capacity as holders of such shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting.

Both B and C shares represent significantly less than 0.01% of the total share capital.

Purchase of own shares

The Company is authorised to purchase its own shares in the market. Approval to renew this authority will be sought from the shareholders at the 2024 AGM. The Company purchased 17.3m of its own shares during the year and cancelled them. At 29 February 2024, 12.5 million shares were held as treasury shares (2 March 2023: 12.5 million).

Employee share schemes

Whitbread does not have any employee share schemes with shares which have rights with regard to the control of the Company that are not exercisable directly by the employees.

Major interests

As at the end of the financial year, the Company had received formal notification, under the Disclosure and Transparency Rules, of the following material holdings in its shares (the percentages shown are the percentages at the time of the disclosure and have not been re-calculated based on the issued share capital at the year-end):

	Number of shares	% of issue share capital[1]
BlackRock, inc	9,105,321	6.76%
MFS Investment Management	9,757,865	4.83%
Longview Partners	9,046,346	4.48%
Aberdeen Asset Management	9,155,869	4.99%

1 The % of issued share capital is taken from the date of the relevant notification and changes to the voting rights since that date can cause higher numbers of shares to have lower percentages and vice versa.

Mandatory greenhouse gas reporting

In order to comply with the requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we have amended our environmental reporting accordingly.

We have considered the six main greenhouse gases (GHGs) and report in CO_2e for our Scope 1 (direct) and Scope 2 (indirect) CO_2 emissions. We have used the GHG Protocol Corporate Accounting and Reporting Standard methodology to calculate our emissions as well as DEFRA and International Energy Standards GHG Conversion Factors for Company Reporting.

Scope 1 includes emissions from the fuels we use in our hotels, restaurants and offices such as natural gas and liquid petroleum gas. It also includes CO_2e from business owned vehicles which includes company cars and food logistics vehicles as we own the lease arrangements. CO_2e from company cars is calculated using the manufacturers stated performance multiplied by an uplift stated in the DEFRA standards methodology paper.

Scope 2 relates to the indirect emissions associated with the generation of the electricity consumed in our sites including district heating.

When defining the scope of our data we do not report on operations under Joint Venture agreements, or are fully franchised, where we do not have operational control such as Premier Inn (UAE). For reasons of materiality, small, one man, offices in the Far East have been excluded. All other sites throughout the world are included.

Where possible we have reported billed or AMR (Automated Meter Reading) data. For those operations which are currently beyond our reporting capabilities, we have used an estimation model based on historic budgeted or billed usage.

In 2023/24 we continued our track record of energy efficiency across the estate by undertaking projects such as refrigeration optimisation, installing improved controls for HVAC (heating, ventilation, and air conditioning) and utilising voltage optimisation technology. We have continued to install solar PV at new sites where possible and retrofitted into six further sites. We have also rolled out LED lighting upgrades and utilised our remote BMS controls and energy management software to monitor and target sites. This year we have also been working with our landlord sites to start to understand which of them are using REGO backed electricity, where they are using REGO backed electricity, this has been taken into account in our reporting.

We have continued the electrification of our kitchens in 2023/24, replacing gas equipment with electric equivalents. This year we have also begun work on retrofits to operational net zero at six hotels. Of these six, four were powered by gas and two by LPG. All hotels will be fully powered by renewable electricity for both heating and hot water. To meet the new water target set at the end of 2023/24 we have been installing water efficient technology across the estate.

Subsequent to the publication of our 2022/23 footprint a minor discrepancy in Scope 1 data was identified and we have amended our 2022/23 Scope 1 and 2 footprint by +2.4% to rectify this. The controls around this data have been revised accordingly for the 2023/24 footprint.

Scope 3

Our 2023/24 annual Scope 3 emissions now stand at 447,510 Tonnes CO_2e.

This is a reduction in intensity of 34.7% since our baseline year of 2018/19 and an absolute reduction of 17.5%. Versus last year, this demonstrates a 4% increase, on an intensity basis.

The majority of the increase was driven by a general increase in the volumes of products and services procured in the business, in line with increased business activity, impacting categories 1a, 2 and category 3 most materially.

We have corrected our 2022/23 Scope 3 figures. This has resulted in a 13% reduction (from 468k Tonnes CO_2e to 406k Tonnes CO_2e) from our 2022/23 stated absolute emissions. This correction was driven by the following actions:

- A correction being made for accounting for warehousing emissions.
- A correction made for product for resale packaging assumptions.
- A number of downstream leased assets now included.

We identified a number of downstream leased assets from our 2022/23 Scope 3 footprint. We have included as many of these for which we can accurately estimate emissions. However, we are aware that there are some assets which are unaccounted for. We will work in 2024/25 to ensure these assets are measured and added into the Scope 3 footprint.

Source of emissions	Scope	2023/24 UK	2023/24 Rest of the world	2023/24 Total	2022/23 UK	2022/23 Rest of the world	2022/23 Total	Total % change
Gas (T CO_2e)	Scope 1	45,561	1,360	46,921	48,094	1,234	49,328	-4.9%
LPG (T CO_2e)	Scope 1	2,306	0	2,306	2,590	0	2,590	-10.9%
F-gas (T CO_2e)	Scope 1	6,845	258	7,104	6,222	0	6,222	14.2%
Business travel (T CO_2e)	Scope 1	7,376	128	7,504	6,875	129	7,004	7.1%
Total Scope 1 emissions (T CO_2e)	Scope 1	62,088	1,747	63,835	63,781	1,363	65,143	
Electricity, district heating and EV Charging (Total Scope 2 location based) (T CO_2e)	Scope 2	76,179	12,952	89,130	66,152	9,415	75,567	14.2%
Electricity, district heating and EV Charging (Total Scope 2 market based) (T CO_2e)	Scope 2	2,612	4,924	7,537	4,604	3,433	8,037	-6.2%
Gross emissions (location based)	—	138,267	14,698	152,965	129,933	10,778	140,711	8.7%
Gross emissions (market based)	—	64,700	6,671	71,372	68,385	4,796	73,181	-2.5%
Floor area (m^2)	—	2,683,524	426,530	3,110,054	2,650,020	301,043	2,951,063	5.4%
Tonnes carbon per m^2 floor area (location based)	—	—	—	0.0492	—	—	0.0477	3.2%
Tonnes carbon per m^2 floor area (market based)	—	—	—	0.0229	—	—	0.0248	-7.5%
Gas (kWh)	—	249,065,184	7,434,531	256,499,715	263,472,467	6,755,772	270,228,239	-5.1%
LPG (kWh)	—	10,013,931	0	10,013,931	11,243,545	0	11,243,545	-10.9%
Business travel (kWh)	—	27,807,558	846,610	28,654,168	27,774,973	614,025	28,388,999	0.9%
Electricity, district heating and EV charging (kWh)	—	368,074,128	47,243,369	415,317,497	342,307,377	35,040,568	377,347,945	10.1%
Self-generated electricity via solar PV (kWh)	—	3,943,108	0	3,943,107	4,416,103	0	4,416,103	-10.7%
Total (kWh)	—	**658,903,908**	**55,524,510**	**714,428,418**	649,214,466	42,410,366	691,624,831	**3.3%**

Subsequent to the publication of our 2022/23 footprint a minor discrepancy in Scope 1 data was identified and we have amended our 2022/23 Scope 1 and 2 footprint by +2.4% to rectify this. The amended data for 2022/23 has been inserted here. The controls around this data have been revised accordingly for the 2023/24 footprint.

Additional Disclosures

Share capital

The table below sets out the location of information required to be disclosed in the directors' report (in accordance with Listing Rule 9.8.4R, and otherwise) which can be found in other sections of this Annual Report and Accounts and is incorporated by reference:

Item	Section
An indication of likely future developments in the business	Strategic report, pages 2 to 97
Financial risk management objectives and policies	Financial statements, Note 24 pages 197 to 199
Research and development	N/A
Existence of branches	N/A
Post-balance sheet events	Financial statements, Note 34, page 216
Stakeholder and employee engagement	Stakeholder engagement, pages 18 to 23
Conflicts of interest	Corporate governance report, pages 100 to 141
Statement of capitalised interest	Financial statements, Note 8, page 181
Long-term incentive schemes	Remuneration report, pages 122 to 141

Details on Whitbread's compliance with Disclosure Guidance and Transparency Rules 7.2 can be found on this page.

Additional information

Stakeholder engagement

Information on how the directors engage with Whitbread's different stakeholders, including shareholders, employees and customers, and on how directors have regard to stakeholders' interests and the need to foster stakeholder relationships when making decisions, can be found in the stakeholder engagement section on pages 18 to 23.

Employment policies

Whitbread has a range of employment policies covering such issues as diversity, employee wellbeing and equal opportunities.

Read more on our website
www.whitbread.co.uk

Environmental policies

Whitbread businesses depend upon the environment to operate hotels and restaurants through the energy we use and the services and products we provide to our customers. Our main environmental impacts are from the use of natural resources, water consumption and generation of residual waste and from GHG emissions associated with energy and fuel use.

Whitbread's strategic drive is provided by the corporate responsibility Force for Good programme which includes energy, water and waste reduction activities. We are committed to minimising our impact on the environment, preventing pollution and promoting good environmental practices.

Further details can be found on pages 58 to 63

Employee involvement

The importance of good relations with our teams is fundamental to our culture and the success of our business. Across the UK and Germany, across our sites and Support Centres, we regularly ask all our employees for their views, through regular pulse surveys. Every employee has an opportunity to participate in these surveys, and action plans are created by site/business area.

Our Employee Forum, which we call Our Voice, is made up of formally elected representatives from across our hotels, restaurants and Support Centres. Our Voice is designed to connect our senior leaders with our front-line teams for two-way conversations about the business, ensuring employee views are properly represented. More detail can be found on pages 54 and 55.

Our employees are actively encouraged to take part in our Sharesave scheme, which is available to all employees and offers an option price discounted by 20%.

Regular internal communications are made to all employees to ensure that they are kept well informed about the performance of Whitbread, and of financial and economic factors that may affect the Company's performance.

Amendment of the Company's articles of association

Any amendments to the articles of association of the Company may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution.

Contractual arrangements

The Group has contractual arrangements with numerous third parties in support of its business activities, none of which are considered individually to be essential to its business and, accordingly, it has not been considered necessary for an understanding of the development, performance or position of the Group's business to disclose information about any of those third parties.

Post-balance sheet events

Information on post-balance sheet events is provided in Note 34 to the accounts.

Political donations

The Company has not made any political donations during the year and intends to continue its policy of not doing so for the foreseeable future.

Auditor

Deloitte has expressed its willingness to continue in office as auditor of the Company and a resolution proposing its reappointment will be put to shareholders at the 2024 AGM. After proper consideration, the Audit Committee is satisfied that Deloitte continues to be objective and independent of the Company. In coming to this conclusion, the Audit Committee gave full consideration to any non-audit work carried out by Deloitte, and has concluded that certain services will not be carried out by Deloitte, as outlined in the Committee's terms of reference.

Disclosure of information to auditor

The directors have taken all reasonable steps to make themselves aware of relevant audit information and to ensure that the auditor is aware of that information. The directors are not aware of any relevant audit information which has not been disclosed to the auditor.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report on pages 2 to 97. The financial position of the Company, its cash flows, net debt and borrowing facilities and the maturity of those facilities are set out in the Chief Financial Officer's review on pages 42 to 45.

In addition, there are further details in the financial statements on the Group's financial risk management, objectives and policies (Note 24) and on financial instruments (Note 25).

The directors have outlined the assessment approach for going concern in the accounting policy disclosure in Note 2 of the consolidated financial statements. Following that review, the directors have concluded that the going concern basis remains appropriate.

The **viability statement** can be found on page 72

Annual general meeting

The AGM will be held at 2.30pm on 18 June 2024 at Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable LU5 5XE. The Notice of Meeting is enclosed with this report for shareholders receiving hard copy documents and is available at www.whitbread.co.uk for those who have elected to receive documents electronically.

Approved by the Board on 29 April 2024 and signed.

Clare Thomas
General Counsel and Company Secretary

Registered Office:
Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable
Bedfordshire LU5 5XE

Registered company number: 4120344

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to select suitable accounting policies and then apply them consistently:

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

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

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

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of directors on 29 April 2024 and is signed on its behalf by:

By order of the Board

Dominic Paul
Chief Executive

Hemant Patel
Chief Financial Officer

INDEPENDENT LIMITED ASSURANCE REPORT

to the Directors of Whitbread Group PLC

The Directors of Whitbread Plc ('Entity') engaged us to provide limited assurance on the Subject Matter Information defined below.

Our assurance conclusion does not extend to information in respect of earlier periods, or to any other information included in, or linked from, the Report.

Our limited assurance conclusion

Based on the work we have performed, as outlined in the 'Summary of work performed' section of our report, and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information, as defined below, has not been prepared, in all material respects, in accordance with the Applicable Criteria, as defined below.

This conclusion is to be read in the context of what we say in the remainder of our report, in particular the 'inherent limitations' and 'use and distribution of our report' explained below.

Subject Matter Information

The Subject Matter Information comprises of the Force for Good metrics for the financial year ending the 29 February 2024 in the Annual Report and the Force for Good report ('Report'). The Force for Good metrics in scope of our assurance are detailed in Appendix A.

The scope of our work was limited to the provision of limited assurance over the Subject Matter Information.

Applicable Criteria

The criteria used to measure or evaluate the underlying subject matter ('Underlying Subject Matter') are in the 2024 Basis of Preparation ('Applicable Criteria'). The Subject Matter Information needs to be read and understood together with the Applicable Criteria, which the Entity is solely responsible for selecting and applying.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable evaluation and measurement techniques and can affect comparability between entities and over time. The precision of different measurement techniques may also vary.

Non-financial information is subject to more inherent limitation than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information.

Directors' responsibilities

The Directors of Whitbread are responsible for:

- designing, implementing and maintaining internal controls to enable the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or establishing suitable Applicable Criteria for preparing the Subject Matter Information;
- preparing, measuring and presenting the Subject Matter Information in accordance with the Applicable Criteria;
- referring to or describing in the Subject Matter Information the Applicable Criteria used and, when it is not readily apparent from the engagement circumstances, the person(s) responsible for developing the Applicable Criteria; and
- the content and preparation of the Subject Matter Information, including adjustments to comparative year greenhouse gas emissions footprint, and the associated intensity metric and reduction percentage, as compared to the FY16/17 base year.

Our responsibilities

Our responsibility is to independently express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained.

We are also responsible for:

- planning and performing the engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the Applicable Criteria;
- assessing the suitability of the Applicable Criteria and whether they exhibit the characteristics of relevance, completeness, reliability, neutrality and understandability;
- forming an independent conclusion, based on the work we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Whitbread.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements ('ISAE') 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historic Financial Information' issued by the International Auditing and Assurance Standards Board ('IAASB') and, in respect of the GHG Statement, in accordance with International Standard on Assurance Engagements ('ISAE') 3410 'Assurance Engagements on Greenhouse Gas Statements', issued by the IAASB ('ISAE 3410'). These standards require that we plan and perform our engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe the Subject Matter Information has not been prepared, in all material respects, in accordance with the Appliable Criteria.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of the Entity's use of the Applicable Criteria as the basis for the preparation of the Greenhouse Gas Statement, assessing the risks of material misstatement of the Greenhouse Gas Statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Greenhouse Gas Statement.

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED

to the Directors of Whitbread Group PLC

Professional standards applied and level of assurance continued

A 'limited assurance' engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Applicable Criteria.

Our independence and quality control

We have complied with the independence and other ethical requirements of the ethical pronouncements in the Institute of Chartered Accountants in England and Wales ('ICAEW') Code of Ethics which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour that are at least as demanding as the applicable provisions of the IESBA International Code of Ethics for Professional Accountants.

RSM applies the International Standard on Quality Management (UK) 1 'Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements' ('ISQM (UK) 1'), which requires RSM to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

The work we perform depends on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, recalculation, reperformance and confirmations.

We are required to obtain an understanding of the Underlying Subject Matter, the Entity, its environment and the internal controls relevant to the Underlying Subject Matter, sufficient to identify the risk of material misstatement of the Subject Matter Information and to design and perform procedures to address the assessed risks of material misstatement in order to obtain sufficient appropriate evidence to support our limited assurance conclusion.

In doing so, we:

- made inquiries of Whitbread's management about the control environment, information systems and results of Whitbread's risk assessment process;
- considered the suitability for the engagement circumstances of Whitbread's use of the Applicable Criteria as the basis for preparing the Subject Matter Information;
- assessed the appropriateness of the Subject Matter which is measured or evaluated against the Applicable Criteria;
- performed limited substantive testing on a selective basis of the Underlying Subject Matter to check that the information had been appropriately measured, recorded, collated, and reported, including:
  - undertook site visits at a selection of Whitbread's Hotels;
  - agreed or reconciled the Subject Matter to underlying records;
  - reviewed the data collection and consolidation processes used to compile the Subject Matter, including the data scope and reporting boundaries;
  - agreed a selection of the Subject Matter to corresponding source documents, including third party data;
  - reperformed calculation of the Subject Matter;
  - vouched emission factors used to independent external sources;
  - performed analytical procedures by comparing year on year movements and making inquiries of management to obtain explanations for significant differences from our developed expectations;
  - evaluated whether the Subject Matter Information adequately refers to the Applicable Criteria; and
- considered the disclosure and presentation of the Subject Matter Information.

In addition to the work performed over the Subject Matter Information for 2024, whilst not forming part of our opinion, we have assessed the appropriateness of the adjustments made to the prior year comparative greenhouse gas emissions footprint, and the associated intensity metric and reduction percentage as compared to the FY16/17 base year, including reperformance of selected calculations.

Other information

The other information comprises the information included in the Report, other than the Subject Matter Information and our limited assurance report thereon. The Directors are responsible for the other information contained within the Report. Our limited assurance conclusion does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information to identify material inconsistencies, if any, with the Subject Matter Information or our limited assurance report. If, on reading the other information, we identify such material inconsistencies or become aware of a material misstatement of fact in that other information that is unrelated to matters appearing in the Subject Matter Information or our limited assurance report, we discuss the matter with the Directors and take further action as appropriate.

Use and distribution of our report

This report, including our conclusion, has been prepared solely for the confidential use of the Directors of Whitbread in accordance with our engagement letter dated 13 September and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of Whitbread as a body and Whitbread for our work, for this limited assurance report or for the conclusions we have formed.

This report is released to the Directors on the basis that it shall not be copied, referred to or disclosed (in whole or in part) or used, distributed or made available (in whole or in part) to any other party (save as otherwise permitted by agreed written terms), without our express prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the Directors of Whitbread as a body and Whitbread Plc, we acknowledge that the Directors may choose to make this report publicly available. Any other party that chooses to rely on this report (or any part of it) will do so at their own risk and RSM UK neither owes nor accepts any responsibility or duty to those parties, and shall not be liable for any loss, damage or expense of whatever nature caused by their reliance on this report for any purpose or in any context.

Signed

RSM UK Risk Assurance Services LLP

RSM UK Risk Assurance Services LLP
25 Farringdon Street, London,
EC4A 4AB
29 April 2024

Appendix A: Subject Matter Information

The Subject Matter Information subject to limited assurance procedures is set out below. The Subject Matter Information are the reported results for selected Force for Good performance measures for the 2024 reporting period. Whitbread's Basis of Preparation 2024 lists out the Force for Good performance measures, and reported results, as well as the Reporting Criteria used to prepare and report on the Subject Matter Information.

Pillar	Force for Good performance measure	2024 reported performance measure (Subject Matter Information)
Opportunity	In our leadership population*: 39.8% of female representation 9.1% of ethnic minority representation * Leadership community is defined by all roles at grades C20+ that are UK based.	In our leadership population*: 39.8% of female representation 9.1% of ethnic minority representation * Leadership community is defined by all roles at grades C20+ that are UK based.
Opportunity	340 employees completing apprenticeship scheme in the year	340 employees completing apprenticeship scheme in the year
Opportunity	60% of promotions within Operations Management teams were internal	60% of promotions within Operations Management teams were internal
Opportunity	In our workforce population: **% of female representation:** Female 64.3% Male 35.7% **% of ethnic minority representation:** Asian/Asian British 8.3% Black/African 4.3% Mixed Ethnic 4.6% White 73.7% No Record 7.7% Prefer not to say 1.4%	In our workforce population: **% of female representation:** Female 64.3% Male 35.7% **% of ethnic minority representation:** Asian/Asian British 8.3% Black/African 4.3% Mixed Ethnic 4.6% White 73.7% No Record 7.7% Prefer not to say 1.4%
Opportunity	**% of positive response to the question from our internal survey – 'Would you recommend Whitbread as a place to work'** UK Operations: 77.5% UK Support Centre: 71.3%	**% of positive response to the question from our internal survey – 'Would you recommend Whitbread as a place to work'** UK Operations: 77.5% UK Support Centre: 71.3%
Community	£2,388,767 raised for the charity partner Great Ormond Street in the financial year	£2,388,767 raised for the charity partner Great Ormond Street in the financial year
Community	19.85% salt reduction based on 2017 baseline	19.85% salt reduction based on 2017 baseline
Community	24.1% sugar reduction based on 2021 baseline	24.1% sugar reduction based on 2021 baseline
Community	4.3% calorie reduction based on 2017 baseline	4.3% calorie reduction based on 2017 baseline
Responsibility	100% of whole shell eggs sourced from cage free sources	100% of whole shell eggs sourced from cage free sources
Responsibility	75% of eggs used as ingredients sourced from cage free hens* * Relates to Whitbread own recipes only.	75.2% of eggs used as ingredients sourced from cage free hens* * Relates to Whitbread own recipes only.

INDEPENDENT LIMITED ASSURANCE REPORT CONTINUED
to the Directors of Whitbread Group PLC

Appendix A: Subject Matter Information continued

Pillar	Force for Good performance measure	2024 reported performance measure (Subject Matter Information)
Responsibility	100% of our raw beef range in the UK is produced to a recognised farm assurance scheme in its country of origin	100% of our raw beef range in the UK is produced to a recognised farm assurance scheme in its country of origin
Responsibility	100% of suppliers'* risk assessed for human rights risks** * 100% of suppliers receive a country risk assessment but only suppliers over £10,000 in annual spend receive both assessments. ** Assessments are based on both the supplier's country of operation and associated sector risk.	100% of suppliers'* risk assessed for human rights risks** * 100% of suppliers receive a country risk assessment but only suppliers over £10,000 in annual spend receive both assessments. ** Assessments are based on both the supplier's country of operation and associated sector risk.
Responsibility	10% food waste reduction based on 2018/2019 baseline year data	10.02% food waste reduction based on 2018/2019 baseline year data
Responsibility	Scope 1 and 2 greenhouse gas (GHG) footprint – 71,372 tonnes	Scope 1 and 2 greenhouse gas (GHG) footprint – 71,372 tonnes
Responsibility	Scope 1 and 2 GHG reductions based on intensity metrics based on 2016/2017 baseline year data – 54.9%	Scope 1 and 2 GHG reductions based on intensity metrics based on 2016/2017 baseline year data – 54.96%
Responsibility	10.1% reduction in water use per person since 2019/2020	10.10% reduction in water use per person since 2019/2020

RSM UK Risk Assurance Services LLP
Two Humber Quays
Wellington Street West
Hull
HU1 2BN
United Kingdom

T +44 (0)1482 607 200
rsmuk.com

INDEPENDENT AUDITOR'S REPORT

To the members of Whitbread PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Whitbread plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 29 February 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company balance sheets;
- the consolidated cash flow statement;
- the notes to the consolidated financial statements 1 to 35; and
- the notes to the parent company financial statements 1 to 9.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

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

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was:
	• Impairment and impairment reversals of property, plant and equipment and right-of-use assets:
	  • Sites impacted by the plan to optimise the Food and Beverage ("F&B") offering, referred to as Accelerating Growth Programme ("AGP"); and
	  • Sites in Germany

Materiality	We have determined materiality for the Group financial statements to be £28.0 million (2023: £20.0 million), which represents 5.0% of adjusted profit before tax and 6.2% of statutory profit before tax.
Scoping	We focused our Group audit scoping primarily on all significant trading entities at Premier Inn in the UK and Group head office, with specified audit procedures performed on certain financial statement line items for the Germany business. These locations account for 93.0% of the Group's revenues.
Significant changes in our approach	There were no significant changes in our overall approach in the current year. We continued to identify a key audit matter in relation to impairment and impairment reversals of property, plant and equipment and right-of-use assets, however the focus in the current year has been adjusted to reflect key changes in the business (being sites impacted by the AGP and performance of the German business).

Report on the audit of the financial statements continued

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtained an understanding of the processes and controls underpinning directors forecasting of financial performance and cashflow;
- Obtained confirmation of the financing facilities including nature of facilities, repayment terms and covenants;
- Assessed the reasonableness of the assumptions used in business plan and considered the impact of the cost of living crisis and macroeconomic environment;
- Tested the clerical accuracy and assessed the models used to the prepare the business plans; this work included obtaining an understanding of the relevant controls over directors model;
- Considered the amount of headroom in the business plans with regards to liquidity and covenants;
- Assessed the sensitivity of the headroom in directors business plans; and
- Assessed the appropriateness of the Group's disclosure concerning the going concern basis of preparation.

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

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment and impairment reversals of property, plant and equipment and right-of-use assets

Key audit matter description	As described in Note 14 (Impairment), Note 13 (Property, plant and equipment), and Note 22 (Lease Agreements), the Group held £4,627.9 million (2023: £4,554.2 million) of Property, plant and equipment and £3,597.0 million (2023: £3,504.6) of Right-of-use assets at 29 February 2024. Under IAS 36 Impairment of Assets (IAS 36), the Group is required to complete an impairment review of its site portfolio where there are indicators of impairment. *Sites impacted by the plan to optimise the Food and Beverage ("F&B") offering, referred to as Accelerating Growth Programme ("AGP")* In the current year, as part of the AGP, a number of F&B sites will be disposed of (through agreed transactions or future sales) with further sites being converted into new hotel rooms. The impact of these strategy changes has led to an increase in the judgement and complexity in the impairment assessment relating to these sites. The Group has recognised a total impairment charge of £84.3m and reversal of impairment of £7.3m relating to the sites impacted by the AGP. *Sites in Germany* In Germany, the business has updated its cash flow assumptions in the current period to reflect its position in the market as it looks to increase its brand presence and the expected performance of the business going forward. Impairment losses of £32.2 million (2023: £30.8 million) have been recognised across these specific sites.

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Impairment and impairment reversals of property, plant and equipment and right-of-use assets

Key audit matter description continued	*Overall* The net impairment charge for the year of £107.5 million (£75.3 million from the UK impairment assessment and £32.2 million from the Germany impairment assessment) has been recognised through the consolidated income statement, within Adjusting items (Note 6). Estimation and judgements are required in determining the recoverable amount of the Group's portfolio of sites. There is a risk that the carrying value of sites (including the Property, Plant and Equipment and Right-of-use assets) may be higher than the recoverable amount, which would indicate an impairment is required. There is also a risk that the recoverable value of previously impaired sites is higher than the carrying value, which would indicate an impairment reversal is required. Where an impairment review is performed, the recoverable amount is determined based on the higher of 'value-in-use' or 'fair value less costs of disposal' (which is determined through the use of either a discounted cash flow method using a market based discount rate or an industry valuation methodology). For sites which are planned for disposal as part of the AGP, Management has determined that a portion of these sites meet the classification criteria as held for sale per IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5"). When sites are held for sale, they must be held at the lower of carrying amount and fair value less costs to sell, with any impairment or impairment reversal recognised. The fair value has been determined based on current prices in an active market for similar properties. Estimates and judgements are required in assessing the appropriate treatment under IAS 36, IFRS 5 and IFRS 13 Fair Measurement ("IFRS 13"), which are set out below: • Determining the cash-generating units ("CGUs") that show indicators of impairment or impairment reversal. A CGU is determined to be each individual trading outlet; • Calculation of the appropriate discount and long-term growth rates; • Estimates of future trading earnings and cash flow projections, including the impact of changes caused by the committed actions of the AGP; • Assessing whether sites to be disposed of as part of AGP meet the criteria of held for sale as per IFRS 5; • Estimating the fair value of property assets to be disposed of; • Assessing the future growth profile of sites which have not yet reached maturity; • Considering the appropriateness of the valuation methodology, as well as inputs to these; and • Estimating a reasonable possible change in assumptions for the purpose of sensitivity analysis. The Group's accounting policy on impairment, the critical judgements and key sources of estimation uncertainty in relation to impairment testing are disclosed in the financial statements. In addition, Impairment testing – property, plant and equipment and right-of-use assets is also a significant matter considered by the Audit Committee, as discussed on page 117.

Report on the audit of the financial statements continued

5. Key audit matters continued

5.1. Impairment and impairment reversals of property, plant and equipment and right-of-use assets

How the scope of our audit responded to the key audit matter	In response to the identified key audit matter, the following audit procedures have been performed: • Obtained an understanding of the key controls relating to the impairment review process and determination of cash flow forecasts; • Challenged the valuation methodologies adopted to identify impairment indicators, including the consistency of these with the requirements of IAS 36, IFRS 5 and IFRS 13; • Tested the mechanical accuracy of the impairment models, with input from our analytics and modelling specialists; • Assessed the completeness of CGUs displaying impairment indicators or impairment reversal indicators by challenging a sample of CGUs for which no indicators had been identified; • Assessed the appropriateness of the discount rates applied in conjunction with our internal valuation specialists and compared the rates applied with our internal benchmarking data; • Performed testing on a sample of sites where impairment had been recognised, sites where impairment had been indicators identified, but no impairment recognised and sites which indicated an impairment reversal was required; we challenged the individual circumstances of these sites and whether the rationale for conclusion was appropriate. In order to perform this assessment, we reviewed the trading history of the site, understood its current performance with reference to market data and challenged the appropriateness of UK-wide forecasts being applied, where appropriate; • Assessed the sensitivity analysis performed by management; and • Assessed the completeness and accuracy of disclosures within the financial statements with reference to relevant IFRS requirements. In addition to the above, we have performed the following procedures in response to sites impacted by the AGP: • Assessed the appropriateness of forecast cash flows (including the impact of AGP) through comparison to board approved plans with reference to historical forecasting accuracy and external market data (such as industry forecasts); • Assessed the appropriateness of the fair value of property assets to be disposed of in conjunction with our internal real estate specialists and compared valuations to external comparable transactions or offers received; and • Assessed whether sites to be disposed of under the AGP meet the criteria of held for sale as per IFRS 5.
Key observations	Based on the audit procedures performed, we are satisfied that the impairment and impairment reversals recognised in the year are appropriate. We consider the disclosures, including the sensitivities in Note 14, to be appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

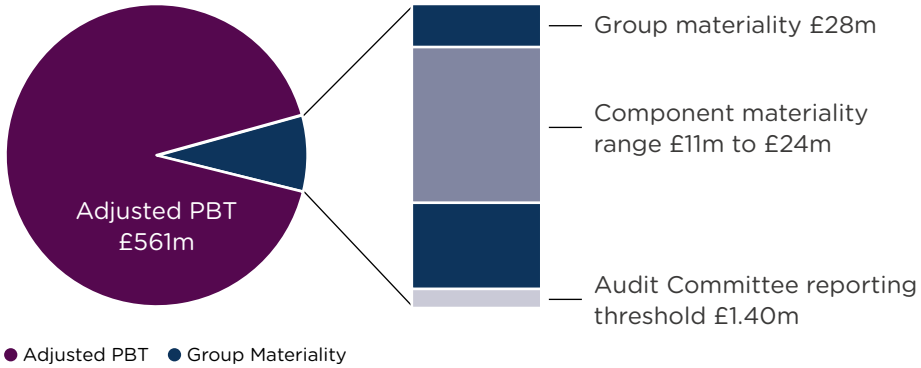
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£28.0 million (2023: £20.0 million)	£23.8 million (2023: £16.6 million)
Basis for determining materiality	We have determined materiality to be £28.0 million, which represents 5.0% of adjusted profit before tax and 6.2% of statutory profit before tax. Determined materiality in the prior year represented 4.8% of adjusted profit before tax and 5.3% of statutory profit before tax	Materiality was determined on the basis of the parent company's net assets. This was then capped at 85% of Group materiality. In the prior year, this was then capped at 85% of Group materiality.
Rationale for the benchmark applied	In determining the benchmark for the current year, we have considered the focus of the users of the financial statements on the Group's trading performance and determined that adjusted profit before tax is the most appropriate benchmark. The use of adjusted profit before tax is consistent with our approach in prior year.	The entity is non-trading and contains an investment in all of the Group's trading components and as a result, in line with prior year, we have determined materiality using net assets our benchmark for the current year.

Report on the audit of the financial statements continued

6. Our application of materiality continued

6.1. Materiality continued



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the Group's overall control environment; • Our cumulative knowledge of the Group, including the nature, quantum and volume of corrected and uncorrected misstatements in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.4 million (2023: £1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

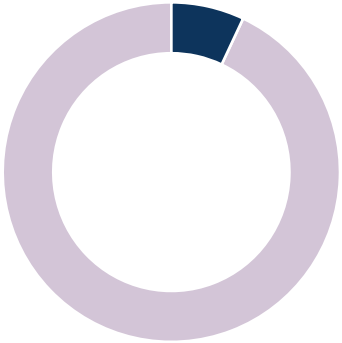
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls and assessing the risks of material misstatement at the Group level.

Components were selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement.

Based on our assessment, we have focused our audit on the UK business, which was subject to full audit procedures, and performed specified audit procedures on certain financial statement line items in the German business. This work was performed by the Group audit team, with the assistance of component auditors in Germany. In terms of coverage, we have performed full audit scope procedures covering 93.0% of the Group's revenues and 99.8% of total assets within the Group. For the UK business, component materiality was assessed at £26.6m and for Germany this was assessed at £11.2m.

At the Group level, we also tested the consolidation process and carried out analytical review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or specified audit procedures. We have also performed analytical review procedures on other wholly owned and joint venture businesses.

Revenue



Review at group level	**7%**
Full audit scope	**93%**

Total assets

Review at group level	**0%**
Full audit scope	**100%**

Report on the audit of the financial statements continued

7. An overview of the scope of our audit continued

7.2. Our consideration of the control environment

The Whitbread IT landscape contains a number of IT systems, applications and tools used to support business processes and for reporting. In line with our scoping of components (refer to section 7.1) our work in relation to IT controls focuses on the UK component. We perform an independent risk assessment of the systems, applications and tools to determine those which are of greatest relevance to the Group's financial reporting, including those that contain system configured automated controls that host financially relevant data and associated reports. In addition, we tested the relevant manual business controls alongside the automated controls.

With involvement from our IT specialists, we performed testing of General IT Controls ("GITCs") of these systems, typically covering controls over user access management, change management and interfaces with other systems relating to in scope IT systems (including Oracle Fusion) as well as controls over key reports generated from the IT systems and their supporting infrastructure (database and operating system). We also performed certain procedures over the new hotel management system implemented this year.

In order to evaluate IT controls, we performed walkthrough procedures of relevant controls in key business cycles, including revenue, property, plant and equipment, intangible assets and expenditure (processed through Oracle Fusion) to understand whether the purpose of the control was effectively designed to address the IT related risk. We then performed testing of the relevant controls across the audit period, to determine whether the control had been consistently applied as designed.

Our procedures enabled us to place reliance on IT controls, as planned, in the audit approach across a number of business cycles, where audit quality and effectiveness are enhanced by doing so. Based on the testing performed, we adopted a controls reliance approach over the processes supporting revenue, expenditure (processed through Oracle Fusion), additions to property plant and equipment and intangible assets.

7.3. Our consideration of climate-related risks

As described on pages 74 and 97, the Group has assessed the risks and opportunities associated with various future climate-related scenarios. The Group's full Task Force on Climate-Related disclosures report outlines the process they have taken to identify the principal climate-related issues which have affected and will potentially affect the business. We have considered the Group's assessment of the impact of these risks and the opportunities on the financial statements and their conclusion that there is no material impact on the financial performance and position of the Group (as described in Note 2 to the financial statements).

As part of our risk assessment procedures, we have performed the following:

- Obtained an understanding of the Group's process and controls in considering the impact of climate risks;
- Performed enquiries of management and those charged with governance to understand the impact of climate-related risks;
- Assessed whether the risks identified by the entity are complete and consistent with our understanding of the entity;
- Performed a review of the climate change risk assessment and related documentation prepared by management and read the Task Force on Climate-related financial disclosures report on page 74 to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit; and
- Evaluated whether appropriate disclosures have been made in relation to climate-related risks in the financial statements.

7.4. Working with other auditors

The Group audit team is responsible for the scope and direction of the audit process and provides direct oversight, review and coordination of our component audit teams. During the current year we engaged component auditors from the Deloitte member firm in Germany to perform specific procedures on the German entities. This approach allowed us to engage local auditors who have appropriate knowledge of local regulations to perform this audit work. We issued detailed instructions to the component auditor and directed and supervised their work.

We interacted regularly with the component Deloitte team during each stage of the audit and reviewed key working papers. We maintained continuous and open dialogue with our component teams in addition to holding formal meetings so that we were fully aware of their progress and results of their procedures.

8. Other information

The other information comprises the information included in the annual report, strategic report on pages 2 to 74 and the governance reports on pages 98 to 149, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

Report on the audit of the financial statements continued

8. Other information continued

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including the component audit team in Germany, and relevant internal specialists, including tax, valuations, pensions, IT, real estate, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Impairment and impairment reversals of property, plant and equipment and right-of-use assets. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, UK corporate governance legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

Report on the audit of the financial statements continued

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

11.2. Audit response to risks identified

As a result of performing the above, we identified Impairment and impairment reversals of property, plant and equipment and right-of-use assets as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and General Counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 154;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- the directors' statement on fair, balanced and understandable set out on page 64;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 64;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 64; and
- the section describing the work of the Audit Committee set out on page 116.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Report on other legal and regulatory requirements continued

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by members on 21 June 2015 to audit the financial statements for the year ending 3 March 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the years ending 3 March 2016 to 29 February 2024.

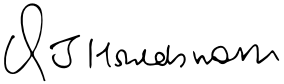
15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.



Kate J Houldsworth FCA
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
29 April 2024

CONSOLIDATED INCOME STATEMENT

Year ended 29 February 2024

	Notes	52 weeks to 29 February 2024 Before adjusting items £m	Adjusting items (Note 6) £m	Statutory £m	52 weeks to 2 March 2023 Before adjusting items £m	Adjusting items (Note 6) £m	Statutory £m
Continuing operations							
Revenue	3	2,959.9	—	2,959.9	2,625.2	—	2,625.2
Other income	4	6.7	6.9	13.6	8.0	4.7	12.7
Operating costs	5	(2,296.5)	(125.2)	(2,421.7)	(2,090.5)	(43.2)	(2,133.7)
Impairment of loans to joint ventures	16	—	—	—	(1.5)	—	(1.5)
Operating profit before joint ventures	3	**670.1**	**(118.3)**	**551.8**	**541.2**	**(38.5)**	**502.7**
Share of profit from joint ventures	16	4.1	8.9	13.0	2.3	—	2.3
Operating profit	3	**674.2**	**(109.4)**	**564.8**	**543.5**	**(38.5)**	**505.0**
Finance costs	8	(179.3)	—	(179.3)	(166.9)	—	(166.9)
Finance income	8	66.2	—	66.2	36.8	—	36.8
Profit before tax	3	**561.1**	**(109.4)**	**451.7**	**413.4**	**(38.5)**	**374.9**
Tax expense	9	(159.9)	20.3	(139.6)	(85.2)	(10.9)	(96.1)
Profit for the year		**401.2**	**(89.1)**	**312.1**	**328.2**	**(49.4)**	**278.8**

Earnings per share

(Note 10)

	52 weeks to 29 February 2024 pence	pence	pence	52 weeks to 2 March 2023 pence	pence	pence
Basic	**206.9**	**(45.9)**	**161.0**	162.9	(24.5)	138.4
Diluted	**205.5**	**(45.6)**	**159.9**	161.8	(24.3)	137.5

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 29 February 2024

	Notes	**52 weeks to 29 February 2024 £m**	52 weeks to 2 March 2023 £m
Profit for the year		312.1	278.8
Items that will not be reclassified to the income statement:			
Remeasurement loss on defined benefit pension scheme	32	(188.2)	(223.6)
Current tax on defined benefit pension scheme	9	(10.0)	0.7
Deferred tax on defined benefit pension scheme	9	59.5	54.7
		(138.7)	(168.2)
Items that may be reclassified subsequently to the income statement:			
Net loss on cash flow hedges	25	(14.6)	(1.3)
Deferred tax on cash flow hedges	9	4.3	—
Net gain/(loss) on hedge of a net investment	25	10.4	(22.2)
Current tax on hedge of a net investment	9	(1.2)	—
Deferred tax on hedge of a net investment	9	—	2.1
Cost of hedging	25	1.1	1.1
		—	(20.3)
Exchange differences on translation of foreign operations		(21.7)	37.3
Current tax on exchange differences on translation of foreign operations	9	2.7	—
Deferred tax on exchange differences on translation of foreign operations	9	—	(4.0)
		(19.0)	33.3
Other comprehensive loss for the year, net of tax		(157.7)	(155.2)
Total comprehensive income for the year, net of tax		**154.4**	**123.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 29 February 2024

	Share capital (Note 27) £m	Share premium (Note 28) £m	Capital redemption reserve (Note 28) £m	Retained earnings (Note 28) £m	Currency translation reserve (Note 28) £m	Other reserves (Note 28) £m	Total equity £m
At 2 March 2023	**164.9**	**1,026.6**	**50.2**	**5,230.1**	**35.0**	**(2,395.4)**	**4,111.4**
Profit for the year	—	—	—	312.1	—	—	312.1
Other comprehensive loss	—	—	—	(138.7)	(9.1)	(9.9)	(157.7)
Total comprehensive income	**—**	**—**	**—**	**173.4**	**(9.1)**	**(9.9)**	**154.4**
Ordinary shares issued on exercise of employee share options (Note 27)	0.2	5.2	—	—	—	—	5.4
Loss on ESOT shares issued	—	—	—	(6.4)	—	6.4	—
Accrued share-based payments (Note 31)	—	—	—	15.8	—	—	15.8
Tax on share-based payments	—	—	—	0.5	—	—	0.5
Equity dividends paid (Note 11)	—	—	—	(164.7)	—	—	(164.7)
Share buyback, commitment and cancellation	(13.3)	—	13.3	(603.4)	—	—	(603.4)
At 29 February 2024	**151.8**	**1,031.8**	**63.5**	**4,645.3**	**25.9**	**(2,398.9)**	**3,519.4**

	Share capital (Note 27) £m	Share premium (Note 28) £m	Capital redemption reserve (Note 28) £m	Retained earnings (Note 28) £m	Currency translation reserve (Note 28) £m	Other reserves (Note 28) £m	Total equity £m
At 3 March 2022	**164.8**	**1,024.7**	**50.2**	**5,225.3**	**24.3**	**(2,370.3)**	**4,119.0**
Profit for the year	—	—	—	278.8	—	—	278.8
Other comprehensive (loss)/income	—	—	—	(168.2)	10.7	2.3	(155.2)
Total comprehensive income	**—**	**—**	**—**	**110.6**	**10.7**	**2.3**	**123.6**
Ordinary shares issued on exercise of employee share options (Note 27)	0.1	1.9	—	—	—	—	2.0
Loss on ESOT shares issued	—	—	—	(4.3)	—	4.3	—
Accrued share-based payments (Note 31)	—	—	—	17.7	—	—	17.7
Tax on share-based payments	—	—	—	(0.1)	—	—	(0.1)
Equity dividends paid	—	—	—	(119.1)	—	—	(119.1)
Purchase of ESOT shares	—	—	—	—	—	(31.7)	(31.7)
At 2 March 2023	**164.9**	**1,026.6**	**50.2**	**5,230.1**	**35.0**	**(2,395.4)**	**4,111.4**

CONSOLIDATED BALANCE SHEET

At 29 February 2024

	Notes	29 February 2024 £m	2 March 2023 £m
Assets			
Intangible assets	12	185.0	179.6
Right-of-use assets	22	3,597.0	3,504.6
Property, plant and equipment	13	4,627.9	4,554.2
Investment in joint ventures	16	50.8	48.2
Derivative financial instruments	25	3.8	—
Defined benefit pension surplus	32	165.2	324.7
Total non-current assets		**8,629.7**	**8,611.3**
Inventories	17	21.2	21.7
Trade and other receivables	18	119.3	141.8
Cash and cash equivalents	19	696.7	1,164.8
Total current assets		**837.2**	**1,328.3**
Assets classified as held for sale	15	54.4	3.2
Total assets		**9,521.3**	**9,942.8**
Liabilities			
Lease liabilities	22	155.6	144.1
Provisions	23	10.3	20.2
Derivative financial instruments	25	11.5	—
Current tax liabilities		10.2	4.6
Trade and other payables	26	670.5	676.7
Other financial liabilities	27	12.3	—
Total current liabilities		**870.4**	**845.6**
Borrowings	20	994.9	993.4
Lease liabilities	22	3,942.8	3,814.3
Provisions	23	8.3	8.3
Derivative financial instruments	25	4.4	7.8
Deferred tax liabilities	9	181.1	158.2
Trade and other payables	26	—	3.8
Total non-current liabilities		**5,131.5**	**4,985.8**
Total liabilities		**6,001.9**	**5,831.4**
Net assets		**3,519.4**	**4,111.4**

	Notes	29 February 2024 £m	2 March 2023 £m
Equity			
Share capital	27	151.8	164.9
Share premium	28	1,031.8	1,026.6
Capital redemption reserve	28	63.5	50.2
Retained earnings	28	4,645.3	5,230.1
Currency translation reserve	28	25.9	35.0
Other reserves	28	(2,398.9)	(2,395.4)
Total equity		**3,519.4**	**4,111.4**

Dominic Paul
Chief Executive
29 April 2024

Hemant Patel
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

Year ended 29 February 2024

	Notes	52 weeks to 29 February 2024 £m	52 weeks to 2 March 2023 £m
Cash generated from operations	29	**1,086.7**	**996.3**
Payments against provisions		(5.0)	(2.7)
Defined benefit pension payments	32	(17.5)	(15.7)
Interest paid – lease liabilities	22	(154.9)	(138.7)
Interest paid – other		(26.3)	(32.0)
Interest received		48.2	22.6
Corporation taxes paid		(53.3)	(29.9)
Net cash flows from operating activities		**877.9**	**799.9**
Cash flows used in investing activities			
Purchase of property, plant and equipment	3	(479.9)	(482.0)
Proceeds from disposal of property, plant and equipment		56.9	59.6
Investment in intangible assets	3	(28.6)	(36.8)
Payment of deferred and contingent consideration	26	—	(25.3)
Loans advanced to joint ventures	16	—	(1.5)
Distributions received from joint ventures	16	7.7	—
Net cash flows used in investing activities		**(443.9)**	**(486.0)**
Cash flows used in financing activities			
Proceeds from issue of shares on exercise of employee share options	27	5.4	2.0
Payment of facility fees		(0.8)	(4.2)
Net lease incentives (paid)/received		(2.7)	3.5
Payment of principal of lease liabilities		(147.1)	(133.9)
Purchase of own shares for ESOT	28	—	(31.7)
Purchase of own shares, including transaction costs	27	(591.1)	—
Dividends paid	11	(164.7)	(119.1)
Net cash flows used in financing activities		**(901.0)**	**(283.4)**
Net (decrease)/increase in cash and cash equivalents	21	**(467.0)**	**30.5**
Opening cash and cash equivalents	21	1,164.8	1,132.4
Foreign exchange differences	21	(1.1)	1.9
Closing cash and cash equivalents	19	**696.7**	**1,164.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 29 February 2024

1. General information and authorisation of consolidated financial statements

The consolidated financial statements of Whitbread PLC for the year ended 29 February 2024 were authorised for issue by the Board of directors on 29 April 2024. Whitbread PLC is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The Company's ordinary shares are traded on the London Stock Exchange. The address of the registered office is shown on page 147.

Whitbread PLC, its subsidiaries and joint ventures, operate hotels and restaurants, located in the UK and internationally.

2. Accounting policies

Basis of accounting and preparation

The consolidated financial statements of Whitbread PLC and all its subsidiaries have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value at the end of each reporting period, assets classified as held for sale and the defined benefit pension scheme as explained in the accounting policies below.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand except when otherwise indicated. The financial year represents the 52 weeks to 29 February 2024 (prior financial year: 52 weeks to 2 March 2023).

Going concern

A combination of the strong cash flows generated by the business and the significant available headroom on its credit facilities, support the directors' view that the Group has sufficient funds available for it to meet its foreseeable working capital requirements. In reaching this conclusion, the directors have considered all elements of the capital allocation framework. The directors have also determined that, over the period of the going concern assessment, there is not expected to be a significant impact as a result of climate change.

The directors have therefore concluded that the going concern basis of preparation remains appropriate.

Changes in accounting policies

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 2 March 2023, except for the adoption of the new standards and policies applicable for the year ended 29 February 2024. The significant accounting policies adopted during the year are set out below. They have been assessed as having minimal or no financial impact.

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 3 March 2023:

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 8 – Definition of Accounting Estimate (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 1 – Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2023)
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules (effective immediately)

Standards issued by the IASB not effective for the current year and not early adopted by the Group

Whilst the following standards and amendments are relevant to the Group, they have been assessed as having minimal or no financial impact or additional disclosure requirements at this time:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current (effective for periods beginning on or after 1 January 2024)
- Amendments to IAS 1 – Non-current Liabilities with Covenants (effective for periods beginning on or after 1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective for periods beginning on or after 1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective for periods beginning on or after 1 January 2024)

The Group does not intend to early adopt any of these new standards or amendments.

Basis of consolidation

The consolidated financial statements incorporate the accounts of Whitbread PLC and all its subsidiaries, together with the Group's share of the net assets and results of joint ventures incorporated using the equity method of accounting. These are adjusted, where appropriate, to conform to Group accounting policies. The financial statements of significant trading subsidiaries are prepared for the same reporting year as the parent company.

A subsidiary is an entity controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

2. Accounting policies continued

Basis of consolidation continued

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Apart from the acquisition of Whitbread Group PLC by Whitbread PLC in 2000/01, which was accounted for using merger accounting, acquisitions by the Group are accounted for under the acquisition method and any goodwill arising is capitalised as an intangible asset. The results of subsidiaries acquired or disposed of during the year are included in the consolidated financial statements from, or up to, the date that control passes respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and any equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated income statement as incurred.

When the consideration transferred by the Group in a business combination includes contingent consideration, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Changes in the fair value of the contingent consideration at subsequent reporting dates that do not qualify as measurement period adjustments are recognised within finance costs in the consolidated income statement, unless the contingent consideration is classified as equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on acquisition is capitalised and represents the excess of the fair value of consideration over the value of the Group's interest in the identifiable assets and liabilities of a subsidiary, at the date of acquisition. Goodwill is not amortised but reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised at fair value, separately from goodwill if the asset is separable, or arises from contractual or other legal rights, and its fair value can be measured reliably.

Amortisation of IT software and technology is calculated on a straight-line basis over the estimated life which varies between three and ten years.

The carrying values are reviewed for impairment if events or changes in circumstances indicate that they may not be recoverable.

Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

2. Accounting policies continued

Property, plant and equipment

Property, plant and equipment acquired separately from a business are stated at cost or deemed cost at transition to IFRS, less accumulated depreciation and any impairment in value. Gross interest costs incurred on the financing of qualifying assets are capitalised until the time that the assets are available for use. Property, plant and equipment acquired as part of a business combination are recognised at fair value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- freehold land is not depreciated;
- freehold and long leasehold buildings are depreciated to their estimated residual values over periods up to 50 years; and
- plant and equipment is depreciated over three to 25 years.

The residual values and estimated useful lives are reviewed annually.

Profits or losses on disposal of property, plant and equipment reflect the difference between net selling price and carrying amount at the date of disposal and are recognised in the consolidated income statement.

Leases

Right-of-use assets

The Group recognises right-of-use assets for hotel and restaurant properties along with other equipment at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated over the shorter of its estimated useful life and lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and variable lease payments that depend on an index or a rate less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate (e.g. turnover rent) are recognised as an expense in the period over which the event or condition that triggers the payment occurs. The Group incurs service charges on property leases which are non-lease components of the contract under IFRS 16 and therefore these charges are recorded separately within operating costs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Incremental borrowing rates are determined quarterly and depend on the country, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs including: the risk-free rate based on Government bond rates; a country-specific risk adjustment; and a credit risk adjustment based on the Group's credit rating.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term. Cash outflows relating to lease interest are recorded within net cash flows from operating activities and cash outflows relating to principal repayments are included within net cash flows from financing activities in the consolidated cash flow statement.

Sale and leaseback

A sale and leaseback transaction occurs when the Group sells an asset and immediately reacquires the use of the same asset in the same state as sold by entering into a lease with the buyer. A sale occurs when control of the underlying asset passes to the buyer. A lease liability is recognised, the associated property, plant and equipment asset is derecognised, and a right-of-use asset is recognised at the proportion of the carrying value relating to the right retained. Any gain or loss arising therefore relates to the rights transferred to the buyer and development of the underlying asset.

Impairment of non-current assets

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

The carrying values of property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Individual assets are grouped into cash-generating units (CGUs), for impairment purposes, at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other assets.

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined with reference to the CGU to which the asset belongs. In estimating value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. To estimate fair value less costs of disposal, the Group uses a number of techniques including third party valuations, market multiple approaches and discounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

2. Accounting policies continued

Impairment of non-current assets continued

Property, plant and equipment and right-of-use assets continued

Impairment charges

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the CGU, on a pro rata basis. Any impairment in the values of property, plant and equipment and right-of-use assets is charged to the consolidated income statement within operating costs.

Impairment reversals

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the CGU's recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimated future cash flows used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such a reversal is recognised in the consolidated income statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's carrying amount, less any residual value, on a straight-line basis over its remaining useful life.

Central assets

For the purposes of impairment testing, all centrally held assets are allocated in line with IAS 36 to CGUs based on management's view of the consumption of the asset. Any resulting impairment is recorded against the centrally held asset.

Goodwill

Goodwill acquired through business combinations is allocated to groups of CGUs at the level management monitors goodwill, which is at an operating segment level. The Group performs an annual review of its goodwill to ensure that its carrying amount is not greater than its recoverable amount. The recoverable amount is determined as the greater of fair value, less costs of disposal and value in use. An impairment is then made to reduce the carrying amount to the recoverable amount.

Investments in joint ventures

The Group assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification.

Such assets are measured at the lower of carrying amount and fair value, less the cost of disposal, and are not depreciated or amortised.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the net results of discontinued operations are presented separately in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the basis of first in, first out and net realisable value is the estimated selling price less any costs to sell.

Provisions

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

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

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

2. Accounting policies continued

Provisions continued

Restructuring costs

A restructuring provision is recognised when the Group has developed a detailed formal plan and has raised a valid expectation, in those affected, that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Adjusting items and use of alternative performance measures

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way the business performance is measured internally by the Board and Executive Committee. A glossary of APMs and reconciliations to statutory measures is given on pages 231 to 237.

The term adjusted profit is not defined under IFRS and may not be directly comparable with adjusted profit measures used by other companies. It is not intended to be a substitute for, or superior to, statutory measures of profit. Adjusted measures of profitability are non-IFRS because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS.

The Group makes certain adjustments to the statutory profit measures in order to derive many of its APMs. The Group's policy is to exclude items that are considered to be significant in nature and quantum, not in the normal course of business or are consistent with items that were treated as adjusting in prior periods or that span multiple financial periods. Treatment as an adjusting item provides users of the accounts with additional useful information to assess the year-on-year trading performance of the Group.

On this basis, the following are examples of items that may be classified as adjusting items:

- net charges associated with the strategic review of the Group's hotel and restaurant property estate;
- significant restructuring costs and other associated costs arising from strategy changes that are not considered by the Group to be part of the normal operating costs of the business;
- significant pension charges arising as a result of the changes to UK defined benefit scheme practices;
- net impairment and related charges for sites which are/were underperforming that are considered to be significant in nature and/or value to the trading performance of the business;
- costs in relation to non-trading legacy sites which are deemed to be significant and not reflective of the Group's ongoing trading results;
- transformation and change costs associated with the implementation of the Group's strategic IT programmes;
- profit or loss on the sale of a business or investment, and the associated cost impact on the continuing business from the sale of the business or investment;
- acquisition costs incurred as part of a business combination or other strategic asset acquisitions;
- amortisation of intangible assets recognised as part of a business combination or other transaction outside of the ordinary course of business; and
- tax settlements in respect of prior years, including the related interest and the impact of changes in the statutory tax rate, the inclusion of which would distort year-on-year comparability, as well as the tax impact of the adjusting items identified above.

The Group income statement is presented in a columnar format to enable users of the accounts to see the Group's performance before adjusting items, the adjusting items, and the statutory total on a line-by-line basis. The directors believe that the adjusted profit and earnings per share measures provide additional useful information to shareholders on the performance of the business. These measures are consistent with how business performance is measured internally by the Board and Executive Committee.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange quoted at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Day-to-day transactions in a foreign currency are recorded in the functional currency at an average rate for the month in which those transactions take place, which is used as a reasonable approximation to the actual transaction rate. Translation differences on monetary items are taken to the consolidated income statement.

A number of subsidiaries within the Group have a non-sterling functional currency. The financial performance and end position of these entities are translated into sterling in the consolidated financial statements. Balance sheet items are translated at the rate applicable at the balance sheet date. Transactions reported in the consolidated income statement are translated using an average rate for the month in which they occur.

The differences that arise from translating the results of foreign entities at average rates of exchange, and their assets and liabilities at closing rates, are dealt with in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the consolidated income statement. All other currency gains and losses are dealt with in the income statement.

2. Accounting policies continued

Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Consideration is net of discounts, allowances for customer loyalty and other promotional activities and amounts collected on behalf of other parties, such as value added tax. Revenue includes duties which the Group pays as principal.

The Group has analysed its business activities and applied the five-step model prescribed by IFRS 15 *Revenue from Contracts with Customers* to each material line of business, as outlined below:

Sale of accommodation

The contract to provide accommodation is established when the customer books accommodation. The performance obligation is to provide the right to use accommodation for a given number of nights, and the transaction price is the room rate for each night determined at the time of booking. The performance obligation is met when the customer is given the right to use the accommodation, and so revenue is recognised for each night as it takes place, at the room rate for that night.

Sale of food and beverage

The contract is established when the customer orders the food or beverage item and the performance obligation is the provision of food and beverage by the outlet. The performance obligation is satisfied when the food and beverage is delivered to the customer, and revenue is recognised at this point at the price for the items purchased. Payment is made on the same day and consequently there are no contract assets or liabilities.

Payment terms

Customers may pay in advance for accommodation, food and beverage. In this case the Group has received consideration for services not yet provided. This is treated as a contract liability, net of VAT, until the performance obligation is met. The Group has taken advantage of the practical expedient in IFRS 15 to not adjust the consideration for the effects of a financing component as the period between payment and the performance obligation is less than one year.

Payment terms for corporate customers are generally 30 days with amounts recorded in trade and other receivables once the performance obligations have been met.

Contract costs

The Group applies the practical expedient in paragraph 94 of IFRS 15 and consequently contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.

Variable consideration

The Group makes an estimate, based on historical information, of amounts that will be refunded to customers. The refund liability represents variable consideration under IFRS 15 with revenue recognised reduced by this amount and a corresponding liability recognised in other payables in the consolidated balance sheet.

Certain restaurants within the Group offer customer loyalty programmes where the customer can earn vouchers for historic purchases which are redeemable as discounts on future purchases. The loyalty points issued by the Group are a separate performance obligation providing a material right to a future discount. The sales price of goods is allocated to the loyalty points and the goods sold based on their relative standalone selling prices, with the loyalty points standalone price based on the value of the points to the customer, adjusted for expected redemption rates. The amount allocated to loyalty points is deferred as a contract liability within trade and other payables. Revenue is recognised as the points are redeemed by the customer.

Finance income

Interest income is recognised as the interest accrues, using the effective interest method.

Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except for gross interest costs incurred on the financing of major projects, which are capitalised until the time that the projects are available for use.

Retirement benefits

In respect of the defined benefit pension scheme, the surplus recognised in the consolidated balance sheet represents the fair value of scheme assets, reduced by the present value of the defined benefit obligation. Where the calculation results in a surplus to the Group, the recognised asset is limited to the present value of any future available refunds from the plan.

The cost of providing benefits is determined using the projected unit credit actuarial valuation method. Remeasurements are recognised in full in the period in which they occur in the statement of comprehensive income and are not reclassified to the consolidated income statement in subsequent periods.

For defined benefit plans, the employer's portion of the past and current service cost is charged to operating profit, with net interest costs reported within finance costs. In addition, all administration costs, other than those relating to the management of plan assets or taxes payable by the plan itself, are charged as incurred to operating costs in the consolidated income statement. Net interest is calculated by applying the opening discount rate to the opening net defined benefit obligation, taking into account the expected contributions and benefits paid.

2. Accounting policies continued

Retirement benefits continued

Curtailments and settlements relating to the Group's defined benefit plan are recognised in the period in which the curtailment or settlement occurs.

Payments to defined contribution pension schemes are charged as an expense as they fall due.

Share-based payment transactions

Equity-settled transactions

Certain employees and directors of the Group receive equity-settled remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares. The cost of these equity-settled transactions is measured by reference to the fair value, determined using a stochastic model, at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions or non-vesting conditions are fulfilled, ending on the relevant vesting date. Except for awards subject to market-related conditions for vesting, the cumulative expense recognised for equity-settled transactions, at each reporting date until the vesting date, reflects the extent to which the vesting period has expired, and is adjusted to reflect the directors' best available estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. If options are subject to market-related conditions, awards are not cumulatively adjusted for the likelihood of these targets being met. Instead, these conditions are included in the fair value of the awards.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. Where an equity-settled award is forfeited, the related expense recognised to date is reversed.

Where an equity-settled award is replaced by newly granted instruments, these are accounted for as a modification of the existing award. When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Tax

The income tax charge represents both the income tax payable, based on profit for the year, and deferred income tax.

Deferred income tax is recognised in full, using the liability method, in respect of temporary differences between the tax base of the Group's assets and liabilities and their carrying amounts that have originated but have not been reversed by the balance sheet date. No deferred tax is recognised if the temporary difference arises from the initial recognition of goodwill, or the initial recognition of an asset or liability, in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is recognised in respect of taxable temporary differences associated with investments in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part of, the deferred income tax asset to be utilised.

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

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the consolidated income statement.

Investments in joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to joint ventures is included in the carrying amount of the investment.

The consolidated income statement reflects the Group's share of the results of operations of the joint ventures. Any change in other comprehensive income of those investees is presented as part of the Group's consolidated statement of comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint venture. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Accounting policies continued

Financial assets

Trade receivables and contract assets

Trade receivables and contract assets are initially measured at fair value. Subsequently they are measured at amortised cost as the objective of the business model is to hold the assets to collect contractual cash flows and the contractual terms of the asset give rise to cash flows on specified dates which are solely payments of principal and interest.

In line with the IFRS 9 *Financial Instruments* 'simplified approach', the Group segments its trade receivables and contract assets based on shared characteristics, and recognises a loss allowance for the lifetime expected credit loss for each segment. The expected credit loss is based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current and forecast conditions at the reporting date.

Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as significant financial difficulty of the debtor or default by the debtor. The Group writes off a financial asset where there is no realistic prospect of recovery. Credit losses are recorded within operating costs in the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and deposits (including Money Market Funds) which are short term, highly liquid and which are not at significant risk of changes in value.

Recognition and derecognition

The recognition of financial assets occurs when the Group becomes party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derivatives and hedging

The Group enters into derivative transactions to manage its exposure to interest rate, foreign exchange rate and power commodity price risks.

Derivatives are recognised initially at fair value on the date the contract is entered into and subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as hedging instruments in respect of interest rate, foreign currency and power commodity price risks as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group documents whether the hedging instrument is effective in offsetting the hedged risk, by confirming that:

- there is an economic relationship between hedged items and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the planned ratio of hedge: hedge item is the same as the actual ratio of hedge: hedge item.

The fair value change on qualifying fair value hedges is recognised in profit or loss.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow hedging reserve. Any gain or loss relating to the ineffective portion of the hedge is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group discontinues hedge accounting when the hedge relationship ceases to meet the qualifying criteria, or when the hedging instrument expires, is sold, terminated or exercised.

2. Accounting policies continued

Derivatives and hedging continued

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses a cross-currency swap as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 25 for more details.

Financial liabilities

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements.

Financial liabilities are measured at amortised cost using the effective interest rate method unless they are required to be measured at fair value through profit or loss or the Group has opted to measure them at fair value through the profit or loss. The effective interest rate method calculates the amortised cost of a financial liability and allocates interest expense to the relevant period.

Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of any directly associated issue costs. Borrowings are subsequently recorded at amortised cost, with any difference between the amount initially recorded and the redemption value recognised in the consolidated income statement using the effective interest method.

Recognition and derecognition

The recognition of liabilities occurs when the Group becomes party to the contractual provisions of the instrument.

The derecognition of financial liabilities occurs when the obligation under the liability is discharged, cancelled or expires. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities at the balance sheet date and the amounts reported as revenues and expenses during the year. Although these amounts are based on management's best estimates, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. These judgements and estimates and the underlying assumptions are reviewed regularly.

The Group has considered the impact of climate-related risks on its financial performance and position, and although the impact represents an uncertainty, it is not considered to be material.

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimations (dealt with separately below) that management has made in the process of applying the Group's accounting policies and which have the most significant effect on the amounts recognised in the financial statements.

Adjusting items

During the year certain items are identified and separately disclosed as adjusting items. Judgement is applied as to whether the item meets the necessary criteria as per the accounting policy disclosed earlier in this Note. This assessment covers the nature of the item, cause of occurrence and the scale of impact of that item on reported performance. Reversals of previous adjusting items are assessed based on the same criteria. Note 6 provides information on all of the items disclosed as adjusting in the current year and comparative financial statements.

Assets held for sale

As per the accounting policy above assets are classified as held for sale only if the asset is available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification.

As a result of the Group's Accelerating Growth Plan ('AGP') the Group is actively marketing a significant number of sites. Judgement exists on a site-by-site basis as to whether the sale will complete within one year. In exercising its judgement management has taken into consideration all available information including external market expert advice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

2. Accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty

The following are the key areas of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Defined benefit pension

Defined benefit pension plans are accounted for in accordance with actuarial advice using the projected unit credit method. The Group makes significant estimates in relation to the discount rates, mortality rates and inflation rates used to calculate the present value of the defined benefit obligation. Note 32 describes the assumptions used together with an analysis of the sensitivity to changes in key assumptions.

Impairment testing – Property, plant and equipment and right-of-use assets

The performance of the Group's impairment review requires management to make a number of judgements and estimates which are presented together below for ease of understanding but identified separately:

Estimates within impairment testing:

Inputs used to estimate value in use

The estimate of value in use is most sensitive to the following inputs:

- Forecast period cashflows – the initial five-year period's cashflows are drawn from the five-year business plan.
- Discount rate – judgement is required in estimating the weighted average cost of capital (WACC) of a typical market participant and in assessing the specific country and currency risks associated with the Group. The rate used is adjusted for the Group's gearing, including equity, borrowings and lease liabilities.
- Maturity profile of individual sites – judgement is required to estimate the time taken for sites to reach maturity and the sites' trading level once they are mature.

Methodology used to estimate fair value

Fair value is determined using a range of methods, including present value techniques using assumptions consistent with the value in use calculations and market multiple techniques using externally available data. For the purpose of assessing fair value for sites the Group has sought expert valuations based on insight into local market specific factors.

Judgements within impairment testing:

Strategic impact on composition of CGUs

The Group has judged that where there is a commitment and expectation that part of a trading site's value will be realised through sale an impairment review should be completed on the trading site as separate CGUs. This is due to the change in how the Group now expects to receive cashflows from the trading site's assets which are largely independent.

Identification of indicators of impairment and reversal

The Group assesses each of its CGUs for indicators of impairment or reversal at the end of each reporting period and, where there are indicators of impairment or reversal, management performs an impairment assessment.

Key estimates and sensitivities for impairment of assets are disclosed in Note 14.

3. Segment information

The Group provides services in relation to accommodation, food and beverage both in the UK and internationally. Management monitors the operating results of its operating segments separately for the purpose of making decisions about allocating resources and assessing performance. Segment performance is measured based on adjusted operating profit before joint ventures. Included within central and other in the following tables are the costs of running the public company, other central overhead costs and share of profit from joint ventures.

The following tables present revenue and profit information regarding business operating segments for the years ended 29 February 2024 and 2 March 2023.

	52 weeks to 29 February 2024				52 weeks to 2 March 2023			
Revenue	**UK & Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK & Ireland £m	Germany[1] £m	Central and other £m	Total £m
Accommodation	2,007.7	162.7	—	2,170.4	1,795.0	100.1	—	1,895.1
Food, beverage and other items	762.0	27.5	—	789.5	712.7	17.4	—	730.1
Revenue	**2,769.7**	**190.2**	**—**	**2,959.9**	**2,507.7**	**117.5**	**—**	**2,625.2**

	52 weeks to 29 February 2024				52 weeks to 2 March 2023			
Profit/(loss)	**UK & Ireland £m**	**Germany[1] £m**	**Central and other £m**	**Total £m**	UK & Ireland £m	Germany[1] £m	Central and other £m	Total £m
Adjusted operating profit/(loss) before joint ventures	**721.5**	**(15.1)**	**(36.3)**	**670.1**	**616.6**	**(35.9)**	**(39.5)**	**541.2**
Adjusted share of profit from joint ventures	—	—	4.1	4.1	—	—	2.3	2.3
Adjusted operating profit/(loss)	**721.5**	**(15.1)**	**(32.2)**	**674.2**	**616.6**	**(35.9)**	**(37.2)**	**543.5**
Net finance (costs)/income	(134.0)	(20.9)	41.8	(113.1)	(124.9)	(13.8)	8.6	(130.1)
Adjusted profit/(loss) before tax	**587.5**	**(36.0)**	**9.6**	**561.1**	**491.7**	**(49.7)**	**(28.6)**	**413.4**
Adjusting items before tax (Note 6)				(109.4)				(38.5)
Profit before tax				**451.7**				**374.9**

1 The Germany segment includes operations of the Group within Austria.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

3. Segment information continued

Other segment information	52 weeks to 29 February 2024 UK & Ireland £m	Germany[1] £m	Central and other £m	Total £m	52 weeks to 2 March 2023 UK & Ireland £m	Germany[1] £m	Central and other £m	Total £m
Capital expenditure:								
Property, plant and equipment – cash basis	391.8	88.1	—	**479.9**	405.9	76.1	—	**482.0**
Property, plant and equipment – accruals basis (Note 13)	373.5	92.5	—	**466.0**	430.4	73.7	—	**504.1**
Intangible assets (Note 12)	28.5	0.1	—	**28.6**	36.7	0.1	—	**36.8**
Cash outflows from lease interest and payment of principal of lease liabilities	247.7	54.3	—	**302.0**	234.0	38.6	—	**272.6**
Depreciation – property, plant and equipment (Note 13)	159.6	17.3	—	**176.9**	152.2	11.0	—	**163.2**
Depreciation – right-of-use assets (Note 22)	143.9	39.4	—	**183.3**	133.6	32.2	—	**165.8**
Amortisation (Note 12)	23.1	0.1	—	**23.2**	16.3	0.2	—	**16.5**

Segment assets and liabilities are not disclosed because they are not reported to, or reviewed by, the Chief Operating Decision Maker.

The Group's revenue and non-current assets[2], split by country in which the legal entity resides, are as follows:

	Group revenue 2023/24 £m	2022/23 £m	Group non-current assets[2] 2024 £m	2023 £m
United Kingdom	2,740.8	2,487.7	6,946.3	6,869.2
Germany	185.9	117.5	1,227.3	1,216.2
Ireland	16.0	10.3	182.4	93.3
Other	17.2	9.7	104.7	107.9
	2,959.9	**2,625.2**	**8,460.7**	**8,286.6**

1 The Germany segment includes operations of the Group within Austria.

2 Non-current assets exclude derivative financial instruments and the surplus on the Group's defined benefit pension scheme.

4. Other income

An analysis of the Group's other income is as follows:

	2023/24 £m	2022/23 £m
Rental income	4.0	3.1
Government payments[1]	2.5	4.7
Other	0.2	0.2
Other income before adjusting items	**6.7**	**8.0**
Legal claim settlements (Note 6)	6.9	4.7
Other income	**13.6**	**12.7**

1 £2.5m has been released as other income from a previously held provision relating to Government payments (2022/23: £4.7m).

5. Operating costs

	2023/24 £m	2022/23 £m
Cost of inventories recognised as an expense[1]	255.1	229.0
Employee benefits expense[2] (Note 7)	837.8	784.3
Amortisation of intangible assets (Note 12)	23.2	16.5
Depreciation – property, plant and equipment (Note 13)	176.9	163.2
Depreciation – right-of-use assets (Note 22)	183.3	165.8
Utilities	143.8	117.2
Rates	100.1	125.0
Other site property costs	455.2	384.3
Variable lease payment expense (Note 22)	3.5	2.1
Net foreign exchange differences	0.4	(2.1)
Other operating charges[2]	117.2	105.2
Adjusting operating costs[2] (Note 6)	125.2	43.2
	2,421.7	**2,133.7**

1 Cost of inventories recognised as an expense includes £6.5m (2022/23: £6.7m) of inventory write downs recorded during the year.

2 Adjusting operating costs includes a charge for net impairments and write offs of £107.5m (2022/23: charge of £33.4m), a charge of £4.7m (2022/23: charge of £0.5m) relating to employee benefit expenses and a charge of £13.0m (2022/23: charge of £9.8m) relating to other operating charges.

Fees paid to the Group's auditor during the year consisted of:

	2023/24 £m	2022/23 £m
Audit of the Group's financial statements	1.3	1.2
Audit of the Group's subsidiaries	0.6	0.6
Total audit fees	**1.9**	**1.8**
Audit-related assurance	0.1	0.1
Other non-audit fees	—	—
Total non-audit fees	**0.1**	**0.1**
Included in other operating charges	**2.0**	**1.9**

6. Adjusting items

As set out in the policy in Note 2, we use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and APMs which are consistent with the way that the business performance is measured internally. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses. Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider hinder the comparison of the financial performance of the Group's businesses either from one period to another or with other similar businesses.

	2023/24 £m	2022/23 £m
Other income:		
Legal claim settlements[1]	6.9	4.7
Adjusting other income	**6.9**	**4.7**
Operating costs:		
Net impairment charges – property, plant and equipment, right-of-use assets and assets held for sale[2]	(30.5)	(33.4)
Strategic F&B net impairment charges and write-offs[3]	(77.0)	—
Gains on disposals, property and other provisions[4]	15.3	4.0
Strategic IT programme costs[5]	(27.1)	(13.8)
Strategic F&B programme costs[6]	(5.9)	—
Adjusting operating costs before joint ventures	**(125.2)**	**(43.2)**
Share of profit from joint ventures:		
Gains on disposals, property and other provisions[4]	8.9	—
Adjusting items before tax	**(109.4)**	**(38.5)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

6. Adjusting items continued

Tax adjustments included in reported profit after tax, but excluded in arriving at adjusted profit after tax:

	2023/24 £m	2022/23 £m
Tax on adjusting items	19.8	(1.1)
Impact of change in tax rates	0.5	(9.8)
Adjusting tax credit/(expense)	**20.3**	**(10.9)**

1 During the year, the Group received settlements of £6.9m (2022/23: £4.7m) in relation to legal claims made against a payment card scheme provider, lease agreement dispute and other legal matters.

2 The Group identified impairment indicators and indicators of impairment reversals relating to assets held by the Group at the year-end date. An impairment review of those assets was undertaken, resulting in adjusting net impairment charges of £107.3m. Amounts have been reported separately in the table above where they relate to the Group's UK F&B strategy (Accelerating Growth Plan).

Impairments arising outside of this strategic programme are comprised of impairment charges on sites of £40.6m (£30.8m relating to property, plant and equipment and £9.8m relating to right-of-use assets) offset by impairment reversals of £10.3m (£7.2m relating to property, plant and equipment and £3.1m relating to right-of-use assets), netting to an impairment charge of £30.3m. In addition, impairment charges of £0.2m have been recorded in relation to assets held for sale during the year. This brings the total adjusting net impairment charges outside of the Group's UK F&B strategy to £30.5m within operating costs. Further information including a country split is provided in Note 14.

During the comparative year, an impairment review of those assets was undertaken, resulting in adjusting net impairment charges of £30.1m. This was made up of an impairment loss on sites of £85.0m (£76.1m relating to property, plant and equipment and £8.9m relating to right-of-use assets) offset by impairment reversals of £54.9m (£35.5m relating to property, plant and equipment and £19.4m relating to right-of-use assets). In addition, impairment charges of £3.3m had been recorded in relation to assets held for sale. That brought the total adjusting net impairment charges for 2022/23 to £33.4m within operating costs.

3 Included in the amounts recorded for impairment this year are impairments driven by the impact of the project to optimise the Group's UK F&B strategy (Accelerating Growth Plan). These impairments are made up of impairment charges on sites of £84.3m (£83.7m relating to property, plant and equipment and £0.6m relating to right-of-use assets) offset by impairment reversals of £7.3m (£7.3m relating to property, plant and equipment).

At this time the Group expects to incur further net impairment charges and write downs or accelerated deprecation within adjusting items totalling between £80.0m and £100.0m in relation to the Accelerating Growth Plan to transform and exit a number of the Group's branded restaurants.

4 During the year, one of the Group's joint ventures made a gain on a property sale with the Group's share being £8.9m (2022/23: £nil), the Group made gains on other property disposals of £8.7m (2022/23: gain of £3.0m) and released net provisions of £4.2m (2022/23: net charge of £0.4m) relating to historic indirect tax matters.

The Group established a property-related provision for the performance of remedial works at a small number of sites. During the year, the Group has received reimbursements of costs of remedial works on cladding material from property developers totalling £2.4m (2022/23: £nil).

During the comparative year, the Group entered into a sale and lease transaction of land and a hotel currently under construction. As a result of this transaction, the Group received proceeds of £46.4m and recognised a net gain of £1.4m, the completed hotel and land are now leased back following practical completion.

5 The Group has assessed the presentation of costs incurred in relation to the current and future strategic IT programme implementations. The programmes previously scheduled were the Group's Hotel Management System and HR & Payroll System, whilst the Group has now also scheduled an upgrade to its F&B Management System. These represent significant business change costs for the Group rather than replacements of IT systems with the System products being Software as a Service (SaaS). The start date of these projects varies and as such we expect costs to be incurred within this category over the next few financial years, with their commercial and strategic benefit seen as lasting multiple years. Cash costs incurred on the programmes and presented within adjusting items in the period were £27.1m, with cumulative cash costs to date being £40.9m (2023: £13.8m). At this time the Group expects to incur future costs presented within adjusting items across future financial periods as follows: during the financial year ended 2025 between £20.0m and £30.0m and during the financial year ended 2026 between £5.0m and £15.0m.

6 The Group has incurred legal and advisory costs regarding the announced changes to facilitate the Accelerating Growth Plan ('AGP'). This programme represents a significant business change for the Group's strategic focus. The programme is expected to incur costs over the next few financial years. Cash costs incurred on the programmes and presented within adjusting items in the period were £5.9m. At this time the Group expects to incur future cash costs presented within this adjusting item across the next three financial years totalling between £20.0m and £25.0m.

7. Employee benefits expense

	2023/24 £m	2022/23 £m
Wages and salaries	758.9	716.1
Social security costs	64.2	55.4
Defined contribution pension costs	14.7	12.8
	837.8	**784.3**

The amounts above exclude adjusting items. Wages and salaries excludes a charge of £4.7m this year relating to the Strategic IT programme costs (2022/23: charge of £0.5m). Included in wages and salaries is a share-based payments expense of £15.8m (2022/23: £17.7m), which arises from transactions accounted for as equity-settled share-based payments.

Employee costs are split between hourly paid and salaried employees as below:

	2023/24 £m	2022/23 £m
Employee costs – hourly paid	549.7	520.1
Employee costs – salaried	288.1	264.2
	837.8	**784.3**

7. Employee benefits expense continued

Average number of employees directly employed	2023/24 Number	2022/23 Number
UK & Ireland	38,106	37,865
Germany	1,505	1,139
	39,611	**39,004**

Employees of joint ventures are excluded from the numbers above.

Directors' remuneration is disclosed below:

	2023/24 £m	2022/23 £m
Directors' remuneration	3.9	4.8
Aggregate contributions to the defined contribution pension scheme	—	—
Aggregate gains on the exercise of share options	0.6	1.0

The number of directors accruing benefits under the defined benefit pension scheme was nil (2022/23: nil).

8. Finance (costs)/income

Finance costs	2023/24 £m	2022/23 £m
Interest on bank loans and overdrafts	(4.6)	(5.1)
Interest on other loans	(24.2)	(24.3)
Interest on lease liabilities (Note 22)	(154.9)	(138.7)
Interest capitalised (Note 13)	5.5	2.5
Unwinding of discount on contingent consideration (Note 26)	—	(0.2)
Cost of hedging (Note 25)	(1.1)	(1.1)
	(179.3)	**(166.9)**

Finance income	2023/24 £m	2022/23 £m
Bank interest receivable	50.0	23.2
IAS 19 pension net finance income (Note 32)	16.2	13.6
	66.2	**36.8**
Total net finance costs	**(113.1)**	**(130.1)**

Net finance costs includes £178.2m (2022/23: £165.6m) finance costs and £50.0m (2022/23: £23.2m) finance income in respect of financial assets and liabilities that are measured at amortised cost using the effective interest rate method.

9. Taxation

Consolidated income statement	2023/24 £m	2022/23 £m
Current tax:		
Current tax expense	59.3	35.3
Adjustments in respect of previous periods	(6.7)	0.7
	52.6	36.0
Deferred tax:		
Origination and reversal of temporary differences	76.8	51.5
Effect of in-year rate differential/change in tax rates	(0.5)	9.8
Adjustments in respect of previous periods	10.7	(1.2)
	87.0	60.1
Tax reported in the consolidated income statement	**139.6**	**96.1**

Consolidated statement of other comprehensive income	2023/24 £m	2022/23 £m
Current tax:		
Defined benefit pension scheme	10.0	(0.7)
Tax on net (loss)/gain on hedge of a net investment	1.2	—
Tax on exchange differences on translation of foreign operations	(2.7)	—
	8.5	(0.7)
Deferred tax:		
Cash flow hedges	(4.3)	—
Tax on net (loss)/gain on hedge of a net investment	—	(2.1)
Tax on exchange differences on translation of foreign operations	—	4.0
Defined benefit pension scheme	(59.5)	(54.7)
	(63.8)	(52.8)
Tax reported in other comprehensive income	**(55.3)**	**(53.5)**

A reconciliation of the tax expense applicable to adjusted profit before tax and profit before tax at the statutory tax rate, to the actual tax expense at the Group's effective tax rate, for the years ended 29 February 2024 and 2 March 2023 respectively is set out below. All current year items have been tax effected at the UK statutory rate of 24.5% (2022/23: 19%) with the exception of the effect of unrecognised losses in overseas companies, which has been tax effected at the statutory rate in the relevant jurisdictions with an adjustment to account for the differential tax rates included in the effect of different tax rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

9. Taxation continued

	2023/24		2022/23	
	Tax on adjusted profit £m	**Tax on profit £m**	Tax on adjusted profit £m	Tax on profit £m
Profit before tax as reported in the consolidated income statement	561.1	451.7	413.4	374.9
Tax at current UK tax rate of 24.5% (2022/23: 19.0%)	137.5	110.7	78.5	71.2
Effect of different tax rates	(5.9)	(8.3)	(7.5)	(11.5)
Unrecognised losses in overseas companies	15.5	25.8	19.5	29.4
Effect of super deduction in respect of tax relief for fixed assets	(0.5)	(0.5)	(4.5)	(4.5)
Expenditure not allowable	6.5	5.7	2.4	1.4
Adjustments to current tax expense in respect of previous years	(6.7)	(6.7)	0.7	0.7
Adjustments to deferred tax expense in respect of previous years	10.7	10.7	(1.2)	(1.2)
Impact of deferred tax in respect of sale and lease transaction (Note 6)	—	—	—	3.4
Impact of deferred tax being at a different rate from current tax rate	—	(0.5)	—	9.8
Impact of deferred tax related to indexation allowance	4.4	4.4	—	—
Other movements	(1.6)	(1.7)	(2.7)	(2.6)
Tax expense reported in the consolidated income statement	**159.9**	**139.6**	**85.2**	**96.1**

Adjustments to current and deferred tax expenses in respect of previous years include adjustments relating to the reassessment of tax on the asset-backed pension scheme (Pension Funding Partnership) which has been agreed with HMRC during the financial year.

Factors affecting the tax charge for future years

The UK Budget 2021 announcement on 3 March 2021 included an increase to the UK's main corporation tax rate to 25%, effective from 1 April 2023, as a result of this all UK deferred tax balances are recognised at the rate of 25%.

Pillar Two Legislation

In December 2021, the OECD released model rules for a new global minimum corporate tax framework applicable to multinational enterprise groups with global revenues of over €750m ('Pillar Two'). The BEPS Pillar Two Minimum Tax legislation was substantively enacted in June 2023 in the UK and will be effective for the Group's financial year beginning 1 March 2024. The Group has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar Two rules. The Group has performed an assessment of its potential exposure to Pillar Two income taxes and the new rules are not expected to have a material impact on the tax charge for the Group.

9. Taxation continued

Deferred tax

The major deferred tax assets/(liabilities) recognised by the Group and movement during the current and prior financial years are as follows:

	Accelerated capital allowances £m	Rolled over gains and property revaluations £m	Pensions £m	Leases £m	Losses £m	Other[3] £m	Total £m
At 3 March 2022	(72.5)	(92.5)	(165.9)	48.7	139.3	(7.7)	(150.6)
Credit to consolidated income statement[1]	(14.7)	(2.1)	(5.2)	(3.3)	(39.9)	5.1	(60.1)
Credit/(expense) to statement of comprehensive income[2]	—	—	54.7	—	(1.9)	—	52.8
Expense to statement of changes in equity	—	—	—	—	—	0.1	0.1
Foreign exchange and other movements	—	0.8	—	(1.1)	—	(0.1)	(0.4)
At 2 March 2023	**(87.2)**	**(93.8)**	**(116.4)**	**44.3**	**97.5**	**(2.6)**	**(158.2)**
(Expense)/credit to consolidated income statement[1]	(22.5)	7.7	(5.3)	(0.4)	(62.7)	(3.8)	(87.0)
Credit to statement of comprehensive income[2]	—	—	59.5	—	—	4.3	63.8
Credit/(expense) to statement of changes in equity	—	—	—	0.4	(0.1)	0.2	0.5
Foreign exchange and other movements	—	—	—	(0.5)	0.5	(0.2)	(0.2)
At 29 February 2024	**(109.7)**	**(86.1)**	**(62.2)**	**43.8**	**35.2**	**(2.1)**	**(181.1)**

1 The total charge to the consolidated income statement of £87.0m (2022/23: £60.1m) relates largely to the utilisation of tax losses carried forward in the period of £57.2m (2022/23: £33.0m) and accelerated capital allowances arising from full expensing/super deduction reliefs of £25.3m (2022/23: £15.0m), these being the largest components of the net charge.

2 The total credit to other comprehensive income of £63.8m (2022/23: credit of £52.8m) relates predominantly to a net deferred tax credit on defined benefit pension scheme movements through other comprehensive income of £59.5m (2022/23: credit of £54.7m).

3 The Other category includes a deferred tax liability of £13.6m (2023: £12.5m) in respect of capitalised interest and a deferred tax asset of £7.3m (2023: £7.1m) in respect of share-based payments.

The Group recognises UK deferred tax assets to the extent that taxable profits will be available to utilise deductible temporary differences or unused tax losses. At 29 February 2024, no net UK deferred asset is unrecognised (2023: £nil).

The Group has unrecognised German tax losses of £226.6m (2023: £199.9m) which can be carried forward indefinitely and offset against future taxable profits in the same tax group. The Group carries out an assessment of the recoverability of these losses at the reporting period and, to the extent that they exceed tax liabilities within the same tax group, does not deem it appropriate at this stage to recognise any net German deferred tax asset. Recognition of German deferred tax assets in their entirety would result in an increase in the reported deferred tax asset of £72.4m (2023: £63.8m). The impact on the effective tax rate from the non-recognition of these assets in the current year is 1.9% (2022/23: 6.1%).

At 29 February 2024, no deferred asset is recognised (2023: £nil) on gross temporary differences of £2.4m (2023: £11.1m) relating to the accumulated losses of other international subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Tax relief on total interest capitalised amounts to £1.2m (2022/23: £0.5m).

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At 29 February 2024

10. Earnings per share

The basic earnings per share (EPS) figures are calculated by dividing the net profit/(loss) for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period after deducting treasury shares and shares held by an independently managed employee share ownership trust (ESOT).

The diluted earnings per share figures allow for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Where the average share price for the period is lower than the option price, the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculations are as follows:

	2023/24 million	2022/23 million
Basic weighted average number of ordinary shares	193.9	201.5
Effect of dilution – share options	1.3	1.3
Diluted weighted average number of ordinary shares	**195.2**	**202.8**

The total number of shares in issue at the year-end, as used in the calculation of the basic weighted average number of ordinary shares, was 197.4m, less 12.5m treasury shares held by Whitbread PLC and 0.9m held by the ESOT (2023: 214.6m, less 12.5m treasury shares held by Whitbread PLC and 1.2m held by the ESOT).

The profits used for the earnings per share calculations are as follows:

	2023/24 £m	2022/23 £m
Profit for the year attributable to parent shareholders	312.1	278.8
Adjusting items before tax (Note 6)	109.4	38.5
Adjusting tax (credit)/expense (Note 6)	(20.3)	10.9
Adjusted profit for the year attributable to parent shareholders	**401.2**	**328.2**

	2023/24 pence	2022/23 pence
Basic EPS on profit for the year	161.0	138.4
Adjusting items before tax	56.4	19.1
Adjusting tax (credit)/expense	(10.5)	5.4
Basic EPS on adjusted profit for the year	**206.9**	**162.9**
Diluted EPS on profit for the year	159.9	137.5
Diluted EPS on adjusted profit for the year	205.5	161.8

11. Dividends paid and proposed

	2023/24		2022/23	
	pence per share	**£m**	pence per share	£m
Final dividend, proposed and paid, relating to the prior year	49.80	99.2	34.70	70.1
Interim dividend proposed, and paid, for the current year	34.10	65.3	24.40	49.0
Total equity dividends paid in the year		**164.5**		**119.1**
Dividends on other shares:				
B share dividend	2.60	0.1	—	—
C share dividend	5.50	0.1	1.00	—
Total dividends paid		**164.7**		**119.1**
Proposed for approval at annual general meeting:				
Final equity dividend for the current year	**62.90**	**115.0**	**49.80**	**100.0**

A final dividend of 62.90p per share amounting to a dividend of £115.0m was recommended by the directors at their meeting on 29 April 2024. A dividend reinvestment plan (DRIP) alternative will be offered. The proposed final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these consolidated financial statements.

12. Intangible assets

	Goodwill £m	IT software and technology £m	Total £m
Cost			
At 3 March 2022	350.1	120.2	470.3
Additions	—	36.8	36.8
Assets written off	—	(10.5)	(10.5)
Foreign currency translation	—	0.2	0.2
At 2 March 2023	**350.1**	**146.7**	**496.8**
Additions	—	28.6	28.6
Assets written off	—	(15.2)	(15.2)
Foreign currency translation	—	(0.1)	(0.1)
At 29 February 2024	**350.1**	**160.0**	**510.1**
Amortisation and impairment			
At 3 March 2022	(239.6)	(71.4)	(311.0)
Amortisation during the year	—	(16.5)	(16.5)
Amortisation on assets written off	—	10.5	10.5
Foreign currency translation	—	(0.2)	(0.2)
At 2 March 2023	**(239.6)**	**(77.6)**	**(317.2)**
Amortisation during the year	—	(23.2)	(23.2)
Amortisation on assets written off	—	15.2	15.2
Foreign currency translation	—	0.1	0.1
At 29 February 2024	**(239.6)**	**(85.5)**	**(325.1)**
Net book value at 29 February 2024	**110.5**	**74.5**	**185.0**
Net book value at 2 March 2023	**110.5**	**69.1**	**179.6**

Other than goodwill, there are no intangible assets with indefinite lives. IT software and technology assets, which are made up entirely of internally generated assets, have been assessed as having finite lives and are amortised under the straight-line method over periods ranging from three to ten years from the date the asset became fully operational.

Note 14 contains details of the impairment review conducted on Goodwill as at the year-end date.

Capital expenditure commitments

Capital expenditure commitments in relation to intangible assets at the year-end amounted to £6.5m (2023: £7.7m).

13. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 3 March 2022	3,662.0	1,580.7	5,242.7
Additions	295.7	208.4	504.1
Interest capitalised	2.5	—	2.5
Net movements from/to held for sale in the year	6.1	3.8	9.9
Disposals	(7.0)	(2.0)	(9.0)
Assets written off	(3.9)	(73.7)	(77.6)
Asset reclassified from right-of-use asset	(3.3)	—	(3.3)
Foreign currency translation	30.4	4.5	34.9
At 2 March 2023	**3,982.5**	**1,721.7**	**5,704.2**
Additions	242.3	223.7	466.0
Interest capitalised	5.5	—	5.5
Net movements from/to held for sale in the year	(58.2)	(53.8)	(112.0)
Disposals	(39.8)	(9.7)	(49.5)
Assets written off	(2.8)	(91.7)	(94.5)
Foreign currency translation	(18.7)	(2.8)	(21.5)
At 29 February 2024	**4,110.8**	**1,787.4**	**5,898.2**

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At 29 February 2024

13. Property, plant and equipment continued

	Land and buildings £m	Plant and equipment £m	Total £m
Depreciation and impairment			
At 3 March 2022	(281.4)	(734.2)	(1,015.6)
Depreciation charge for the year	(23.5)	(139.7)	(163.2)
Net impairment charge (Note 14)	(26.4)	(15.5)	(41.9)
Net movements from/to assets held for sale in the year	(6.1)	(1.8)	(7.9)
Disposals	2.2	2.0	4.2
Depreciation on assets written off	3.9	72.1	76.0
Foreign currency translation	(0.4)	(1.2)	(1.6)
At 2 March 2023	**(331.7)**	**(818.3)**	**(1,150.0)**
Depreciation charge for the year	(23.8)	(153.1)	(176.9)
Net impairment (charge)/reversal (Note 14)	(111.2)	11.2	(100.0)
Net movements from/to assets held for sale in the year	16.5	33.1	49.6
Disposals	4.7	5.9	10.6
Depreciation on assets written off	2.8	91.7	94.5
Foreign currency translation	0.8	1.1	1.9
At 29 February 2024	**(441.9)**	**(828.4)**	**(1,270.3)**
Net book value at 29 February 2024	**3,668.9**	**959.0**	**4,627.9**
Net book value at 2 March 2023	**3,650.8**	**903.4**	**4,554.2**

Included above are assets under construction of £492.7m (2023: £426.9m).

There is a charge in favour of the pension scheme over properties with a market value of £531.5m (2023: £531.5m). See Note 32 for further information.

Amounts relating to right-of-use assets under IFRS 16 are detailed in Note 22.

Capital expenditure commitments

	2024 £m	2023 £m
Capital expenditure commitments for property, plant and equipment for which no provision has been made	**56.5**	**125.4**

Capitalised interest

Interest capitalised during the year amounted to £5.5m, using an average rate of 2.4% (2022/23: £2.5m, using an average rate of 2.5%).

14. Impairment

During the year, net impairment charges of £107.5m (2022/23: net impairment charges of £33.4m) were recognised within operating costs.

Accelerating Growth Plan:

Impairment of £84.3m has been recognised in respect of sites impacted by the announced changes to facilitate the Accelerating Growth Plan (see section below). Included within this amount is £80.6m where the carrying value exceeds the expected sale proceeds less costs to sell. In addition, a further impairment of £3.7m has been recorded, to reflect the impact of the reduced cashflows as a result of the announcement of the Extensions programme. This was offset by the reversal of previous impairments relating to disposal sites of £7.3m.

UK:

Gross impairment charges in the UK of £8.4m (2022/23: £54.2m) have been driven by changes to forecast cashflows at a small number of sites and an amount of £10.3m (2022/23: £54.9m) was recognised as reversals of previous impairment driven by a strong performance across other sites, particularly those in London. This amount includes £0.9m relating to the Premier Inn hotel remaining following the expected disposal of the neighbouring branded restaurant.

Germany:

In order to reach scale at pace and gain access to a number of key markets, the Group has invested in freehold and leasehold sites through organic opportunities as well as utilising acquisitions. Now having a recent history of trading, the Group has updated the relevant cash flow assumptions which has resulted in an impairment charge of £32.2m (2022/23: impairment charge of £30.8m), relating to seven of our hotels. The impairment charge is included within adjusting items.

Assets held for sale

In addition, impairment charges of £0.2m (2022/23: £3.3m) have been recorded in relation to other assets held for sale during the year.

14. Impairment continued

The charges/(reversals) were recognised on the following classes of assets:

	2023/24 £m	2022/23 £m
Impairment charges/(reversals) included in operating costs		
Property, plant and equipment – impairment charges	30.8	76.1
Property, plant and equipment – impairment reversals	(7.2)	(35.5)
Property, plant and equipment – impact of accelerating growth programme	76.4	—
Property, plant and equipment – transfer to assets held for sale	—	1.3
Right-of-use assets – impairment charges	9.8	8.9
Right-of-use assets – impairment reversals	(3.1)	(19.4)
Right-of-use assets – impact of accelerating growth programme	0.6	—
Assets held for sale	0.2	2.0
Total charges for impairment included in operating costs	**107.5**	**33.4**

Property, plant and equipment and right-of-use assets – impairment review

The carrying value of property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable.

The majority of the Group's trading sites offer a combination of accommodation and food and beverage services, either through a hotel and branded restaurant at the same location or a hotel which offers food and beverage. Due to the high dependency of cashflows across accommodation and food and beverage services at these locations, the Group considers each such trading site to be a separate Cash Generating Unit (CGU). Exceptions to this exist in the form of a small number of trading sites that provide food and beverage only, or sites where a third party provides food and beverage services. In addition, in circumstances where the Group is committed to disposal of a proportion of a site, the related proportion is not included in the trading CGU as the economic benefits are expected to be received principally through sale.

In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs of disposal.

Valuation methodology:

The Group calculates a value in use (VIU) for each CGU. The key assumptions used in calculating VIU are set out below.

Where the VIU is lower than the carrying value of the CGU, the Group additionally estimates a fair value less costs of disposal (FVLCD) for each site:

For leasehold sites, FVLCD is estimated based on present value techniques using a discounted cash flow method.

For freehold sites, FVLCD is estimated based on applying a market multiple to the CGU's EBITDAR. Where the Group deem it appropriate for the purpose of assessing fair value for sites the Group has sought expert valuations based on insight into local market specific factors.

The assumptions applied in estimating fair value for each of the above are set out below. Both estimates of FVLCD rely on inputs not normally observable by market participants and are therefore level 3 measurements in the fair value hierarchy.

All of the impairment assessments take account of expected market conditions which include future risks including climate change and related legislation.

Key assumptions:

VIU for freehold and leasehold sites:

The key assumptions used by management in estimating VIU were:

Discount rates

The discount rate is based on the Weighted Average Cost of Capital (WACC) of a typical market participant, taking into account specific country and currency risks associated with the Group. The UK discount rate has increased reflecting market volatility in the spot risk-free rate and gearing ratios used in the WACC calculation, while the German discount rate has remained consistent year on year due to offsetting movements.

	2023/24		2022/23	
	UK	Germany	UK	Germany
Pre-tax discount rate	**11.6%**	**9.9%**	**11.1%**	**9.9%**
Post-tax discount rate	**9.3%**	**7.5%**	**8.9%**	**7.5%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

14. Impairment continued

Property, plant and equipment and right-of-use assets – impairment review continued

Key assumptions: continued

VIU for freehold and leasehold sites: continued

Approved budget period

Forecast cash flow for the initial five-year period are based on actual cash flows and considered after applying management's assumptions of the performance of the Group over the next five years.

The key assumptions used by management in setting the Board-approved financial budgets for the initial five-year period were as follows:

- Forecast period cash flows: The initial five-year period's cash flows are drawn from the five-year business plan.
- Forecast growth rates: Forecast growth rates are based on the Group business plan, which includes assumptions around the UK and German economies over the next five years.
- Operating profits are forecast based on historical experience of operating margins, adjusted for the impact of inflation and cost saving initiatives.
- Local factors impacting the site in the current year or expected to impact the site in future years. Key assumptions include the maturity profile of individual sites, the future potential of immature sites and the impact of increasing or reducing market supply in the local area.

Long-term growth rates

A long-term growth rate of 2.0% (2023: 2.0%) was used for cash flows subsequent to the five-year approved budget/plan period. This long-term growth rate is a conservative rate and is considered to be lower than the long-term historical growth rates of the underlying territories in which the CGUs operate and the long-term growth rate prospects of the sectors in which the CGUs operate.

FVLCD for leasehold sites:

The key assumptions used by management in estimating the FVLCD on a discounted cash flow method were similar to those used in the VIU assessment, modified to reflect estimated cost of disposal and lease payments.

Discount rates

The inclusion of lease payments is reflected in the discount rate applied to FVLCD for leaseholds, increasing WACC for the specific asset class versus that in the VIU assessment as below:

	2023/24		2022/23	
	UK	**Germany**	UK	Germany
Pre-tax discount rate for FVLCD for leaseholds	**12.4%**	**10.7%**	**12.3%**	**11.0%**

FVLCD for freehold sites:

The key assumption used by management in estimating the FVLCD for freehold sites is an EBITDAR multiple.

EBITDAR multiple

An EBITDAR multiple is estimated based on a normalised trading basis and market data obtained from external sources. This resulted in a multiple in the range of 7 to 11 times.

Announced changes in relation to Group's Accelerating Growth Plan ('AGP')

As set out in detail on page 10 of the strategic report the Group has announced changes to facilitate its optimisation of UK F&B. This has had the following impact on the Group's impairment review:

Extensions programme:

As part of the Group's Extensions programme, some of the Group's branded restaurants will be repurposed with smaller space devoted to providing integrated F&B services and remaining space being converted to additional hotel rooms. The composition of the CGU remains unchanged, however the forecast cashflows have been updated to include the committed elements of this plan.

The useful economic life of relevant buildings and FF&E will be reassessed as more certainty is obtained over site-level plans.

14. Impairment continued

Announced changes in relation to Group's Accelerating Growth Plan ('AGP') continued

Disposal sites:

The Group has a committed plan to dispose of a further group of sites to third parties.

At the year-end, sites that are being actively marketed with a valid expectation that they will be disposed of within 12 months from the balance sheet date have been moved to assets held for sale (AHFS). As the economic benefit of these sites is expected to be recovered through sale rather than by continuing to trade, these sites have been measured at the lower of cost and expected proceeds less costs of disposal resulting in an impairment of £44.2m. The remaining NBV of £46.2m relating to these sites has been moved to assets held for sale.

Those sites that do not meet the criteria as AHFS have been measured at the lower of cost and their net realisable value (NRV). NRV in these instances is represented by their FVLCD which is higher than their VIU. An impairment charge of £29.1m has been recognised for these sites resulting in a remaining NBV of £10.0m.

Sensitivity to changes in assumptions

The level of impairment is predominantly dependent upon estimates used in arriving at future growth rates and the discount rates applied to cash flow projections. The incremental impact on the net impairment charge of applying a reasonably possible change in assumptions to the growth rates used in the five-year business plans, long-term growth rates, pre-tax discount rates, EBITDAR multiple and FV of disposal is as follows:

	Total £m
Incremental increase/(decrease) to the net impairment charge	
Increase to net impairment charge if year one's cashflows reduced by 10%	**2.9**
Decrease to net impairment charge if year one's cashflows increased by 10%	**(1.2)**
Increase to net impairment charge if discount rates increased by 2%	**20.5**
Decrease to net impairment charge if discount rates reduced by 2%	**(23.2)**
Increase to net impairment charge if the FV of disposal sites is reduced by 20%	**9.8**
Decrease to net impairment charge if the FV of disposal sites is increased by 20%	**(10.3)**
Increase to net impairment charge if long-term growth rates reduced by 1%	**10.1**
Increase to net impairment charge if EBITDAR multiple reduced by 10%	**12.8**

The above sensitivity analyses are based on a reasonably possible change in an assumption (in line with disclosure requirements) whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated.

Goodwill

Following the impairment assessment over property, plant and equipment and right-of-use assets, the Group completed an impairment review of goodwill. Goodwill acquired through business combinations is allocated to groups of CGUs at an operating segment level, being the level at which management monitors goodwill. As a result of the German goodwill being impaired in previous years, all of the Group's goodwill is allocated to the UK and Ireland segment.

The recoverable amount is the higher of FVLCD and VIU using the same assumptions as those used in the site level impairment reviews. The recoverable amount has been determined from VIU calculations. The future cash flows are based on assumptions from the approved budget and cover a five-year period. These forecasts include management's most recent view of medium-term trading prospects. Cash flows beyond this period are extrapolated using a 2.0% (2023: 2.0%) growth rate. The pre-tax discount rate applied to cash flow projections is 11.6% (2023: 11.1%).

Given the level of headroom within the UK segment, there is no reasonably possible change that could result in a further material impairment of goodwill.

Investments in joint ventures

During the period, the Group's interest in Healthy Retail Limited was sold (refer to Note 16 for details).

Assets held for sale

In addition to impairments on assets transferred to held for sale in the year, an impairment charge of £0.2m (2022/23: £2.0m) was recorded in relation to assets which had previously been classified as held for sale as a result of a reduction in expected sales proceeds.

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At 29 February 2024

15. Assets classified as held for sale

The following table presents the major classes of assets and liabilities classified as held for sale:

	2024 £m	2023 £m
Property, plant and equipment	56.0	3.2
Right-of-use assets	5.2	—
Lease liabilities	(6.8)	—
Assets classified as held for sale	**54.4**	**3.2**

At the year end, there were 73 sites with a combined net book value of £54.4m (2023: five at £3.2m) classified as assets held for sale (AHFS). There are no gains or losses recognised in other comprehensive income with respect to these assets.

As described in Note 14, sites have been transferred to assets held for sale during the period following the Group's commitment to the Accelerating Growth Plan. As a result, £46.2m relating to 65 sites has been transferred to assets held for sale. Further sites will be added as they meet the AHFS criteria outlined below.

As with previous years, the Group disposes of sites as part of its programme to optimise its property estate. During the year, as part of this plan, ten property assets with a combined net book value of £14.6m (2022/23: eight at £5.2m) were transferred to assets held for sale. No properties were transferred back to property, plant and equipment (2022/23: seven at £7.9m). Seven property assets were sold during the year having a net book value of £9.4m (2022/23: seven at £57.5m). An impairment loss of £0.2m (2022/23: £1.4m) was recognised relating to assets classified as held for sale.

Sites are classified as held for sale only if they are available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. If a site no longer meets this criteria at future reporting dates it is transferred back to property, plant and equipment.

Included within assets held for sale are assets which were written down to fair value less costs to sell of £34.4m (2023: £1.5m). The fair value of property assets was determined based on current prices in an active market for similar properties. Where such information is not available management consider information from a variety of sources including current prices for properties of a different nature or recent prices of similar properties, adjusted to reflect those differences. This is a level 3 measurement as per the fair value hierarchy set out in Note 25. The key inputs under this approach are the property size and location.

16. Investment in joint ventures

Premier Inn Hotels LLC

The Group holds a 49% interest in Premier Inn Hotels LLC, a joint venture which operates Premier Inn branded hotels in the United Arab Emirates. The investment forms part of the Group's international growth strategy. Premier Inn Hotels LLC holds a 49% investment in Premier Inn Qatar Limited.

During the year, Premier Inn Hotels LLC repatriated £7.7m (2022/23: £nil) to the Group, which has been treated as a return of capital. The Group still exercises significant influence over the entity.

Healthy Retail Limited

The Group previously held a 49% interest in Healthy Retail Limited, a joint venture which operated a chain of stores in London trading as 'Pure'. On 22 December 2023 the Group sold its interest in the entity for £1, therefore no longer holding significant influence over the entity.

Premier Inn Kier Limited

The Group holds a 50% investment in this dormant UK entity.

Movement in investment in joint ventures	2024 £m	2023 £m
Opening investment in joint ventures	48.2	41.1
Share of profit/loss for the year	13.0	2.3
Foreign exchange movements	(2.7)	4.8
Distributions received from joint ventures	(7.7)	—
Loans advanced	—	1.5
Impairment[1]	—	(1.5)
Closing investment in joint ventures	**50.8**	**48.2**

1 Includes an impairment of loans advanced to joint ventures of £nil (2022/23: £1.5m) determined under IFRS 9.

16. Investment in joint ventures continued

Summary of joint ventures' balance sheets	2024 Premier Inn Hotels LLC £m	2023 Premier Inn Hotels LLC £m	2023 Healthy Retail Limited £m	2023 Total £m
Current assets	18.6	15.6	1.9	17.5
Non-current assets	132.3	154.1	16.1	170.2
Current liabilities	(13.6)	(16.0)	(18.3)	(34.3)
Non-current liabilities	(33.8)	(55.2)	(13.2)	(68.4)
Net assets	**103.5**	**98.5**	**(13.5)**	**85.0**
Group's share of interest in joint ventures' net assets	50.7	48.2	(6.6)	41.6
Premium paid on acquisition	—	—	4.5	4.5
Loans to joint ventures	—	—	9.0	9.0
Accumulated impairment	—	—	(6.9)	(6.9)
Group's carrying amount of the investment	**50.7**	**48.2**	**—**	**48.2**
Within gross balance sheets				
Cash and cash equivalents	15.7	12.5	0.9	13.4
Current financial liabilities	(4.7)	(7.5)	(14.9)	(22.4)
Non-current financial liabilities	(33.8)	(55.2)	(13.2)	(68.4)

Summary of joint ventures' income statement	2024 Premier Inn Hotels LLC £m	2023 Premier Inn Hotels LLC £m	2023 Healthy Retail Limited £m	2023 Total £m
Revenue	34.5	28.6	20.9	49.5
Other income	—	—	—	—
Depreciation and amortisation	(3.9)	(4.8)	(4.8)	(9.6)
Other operating costs	(19.0)	(16.2)	(19.0)	(35.2)
Gain on disposal	18.2	—	—	—
Finance costs	(3.3)	(2.9)	(1.5)	(4.4)
Profit/(loss) before tax	**26.5**	**4.7**	**(4.4)**	**0.3**
Income tax	—	—	—	—
Profit/(loss) after tax	**26.5**	**4.7**	**(4.4)**	**0.3**
Group share				
Profit after tax[1]	13.0	2.3	—	2.3

1 The Group's share of loss after tax of Healthy Retail Limited has been recognised only to the extent that its share of losses equals its interest in the joint venture, following the impairment recorded during the prior year.

At 29 February 2024, the Group's share of the capital commitments of its joint ventures amounted to £0.2m (2023: £0.1m).

17. Inventories

	2024 £m	2023 £m
Finished goods held for resale	17.4	15.5
Consumables	3.8	6.2
	21.2	**21.7**

The carrying value of inventories is stated net of a provision of £1.5m (2023: £3.2m).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

18. Trade and other receivables

	2024 £m	2023 £m
Trade receivables	54.4	46.0
Prepayments and accrued income	34.4	49.8
Other receivables	30.5	46.0
	119.3	**141.8**
Analysed as:		
Current	119.3	141.8
Non-current	—	—
	119.3	**141.8**

Trade and other receivables are non-interest bearing and are generally on 30-day terms. Trade receivables includes £52.0m (2023: £45.1m) relating to contracts with customers.

The allowance for expected credit loss relating to trade and other receivables at 29 February 2024 was £0.9m (2023: £1.7m). During the year, credit losses of £0.8m (2022/23: £1.2m) were recognised within operating costs in the consolidated income statement.

19. Cash and cash equivalents

	2024 £m	2023 £m
Cash at bank and in hand	97.8	60.2
Money market funds	193.9	769.6
Short-term deposits	405.0	335.0
	696.7	**1,164.8**

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group. They earn interest at the respective short-term deposit rates.

The Group does not have material cash balances which are subject to contractual or regulatory restrictions.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the amounts as disclosed above.

20. Borrowings

Amounts drawn down on the Group's borrowing facilities are as follows:

	Current		Non-current	
	2024 £m	2023 £m	2024 £m	2023 £m
Senior unsecured bonds	—	—	994.9	993.4
	—	**—**	**994.9**	**993.4**

Revolving credit facility and covenant

In May 2023 the Group signed an extension to the existing five-year £775.0m multicurrency Revolving Credit Facility Agreement, extending the final maturity date by one year to now expire on 25 May 2028. The facility's other terms remain consistent, being a Multicurrency Revolving Facility Agreement and having variable interest rates with GBP being linked to SONIA and EUR being linked to EURIBOR. The revolving credit facility agreement contains one financial covenant ratio, being:

Net Debt/Adjusted EBITDA <3.5x.

As at 29 February 2024, £35.0m of the £775.0m Revolving Credit Facility is carved-out as an ancillary guarantee facility for the Group's use in Germany. Guarantees totalling €22.8m were in issue at 29 February 2024 (March 2023: €21.6m).

Senior unsecured bonds

The Group has issued senior unsecured bonds with coupons and maturities as shown in the following table:

Title	Year issued	Principal value	Maturity	Coupon
2025 senior unsecured bonds	2015	£450.0m	16 October 2025	3.375%
2027 senior unsecured – green use of proceeds bonds	2021	£300.0m	31 May 2027	2.375%
2031 senior unsecured – green use of proceeds bonds	2021	£250.0m	31 May 2031	3.000%

Amortised arrangement fees of £2.1m (2023: £2.6m) incurred in relation to the bonds are included in the carrying value and are being amortised over the term of the bonds. The bonds contain an early prepayment option which meets the definition of an embedded derivative.

21. Movements in cash and net debt

Year ended 29 February 2024	2 March 2023 £m	Share buyback commitments including transaction costs £m	Cash flow £m	Net new lease liabilities £m	Foreign exchange £m	Transfers to assets held for sale £m	Amortisation of premiums and discounts £m	29 February 2024 £m
Cash and cash equivalents	1,164.8	—	(467.0)	—	(1.1)	—	—	696.7
Liabilities from financing activities								
Borrowings	(993.4)	—	—	—	—	—	(1.5)	(994.9)
Lease liabilities	(3,958.4)	—	147.1	(322.9)	29.0	6.8	—	(4,098.4)
Committed share buyback	—	603.4	(591.1)	—	—	—	—	12.3
Total liabilities from financing activities	**(4,951.8)**	**603.4**	**(444.0)**	**(322.9)**	**29.0**	**6.8**	**(1.5)**	**(5,081.0)**
Less: lease liabilities	3,958.4	—	(147.1)	322.9	(29.0)	(6.8)	—	4,098.4
Less: committed share buyback	—	(603.4)	591.1	—	—	—	—	(12.3)
Net cash/(debt)	**171.4**	**—**	**(467.0)**	**—**	**(1.1)**	**—**	**(1.5)**	**(298.2)**

Year ended 2 March 2023	3 March 2022 £m	Share buyback commitments including transaction costs £m	Cash flow £m	Net new lease liabilities £m	Foreign exchange £m	Transfers to assets held for sale £m	Amortisation of premiums and discounts £m	2 March 2023 £m
Cash and cash equivalents	1,132.4	—	30.5	—	1.9	—	—	1,164.8
Liabilities from financing activities								
Borrowings	(991.9)	—	—	—	—	—	(1.5)	(993.4)
Lease liabilities	(3,701.8)	—	133.9	(346.1)	(44.4)	—	—	(3,958.4)
Total liabilities from financing activities	**(4,693.7)**	**—**	**133.9**	**(346.1)**	**(44.4)**	**—**	**(1.5)**	**(4,951.8)**
Less: lease liabilities	3,701.8	—	(133.9)	346.1	44.4	—	—	3,958.4
Net cash/(debt)	**140.5**	**—**	**30.5**	**—**	**1.9**	**—**	**(1.5)**	**171.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

22. Lease arrangements

The Group leases various buildings which are used as hotels and restaurants. The leases are non-cancellable leases with varying terms, rent review clauses and renewal rights and include variable payments that are not fixed in amount but based upon a percentage of sales. The Group also leases various plant and equipment under non-cancellable lease agreements.

An analysis of the Group's right-of-use assets and lease liabilities is as follows:

Right-of-use assets	Property £m	Other £m	Total £m
At 3 March 2022	3,266.2	1.4	3,267.6
Additions	368.8	1.2	370.0
Net impairment reversal (Note 14)	10.5	—	10.5
Foreign currency translation	45.4	—	45.4
Depreciation	(164.8)	(1.0)	(165.8)
Terminations	(1.2)	—	(1.2)
Reclassification to PPE[1]	(21.9)	—	(21.9)
At 2 March 2023	**3,503.0**	**1.6**	**3,504.6**
Additions	316.3	1.9	318.2
Net impairment charge (Note 14)	(7.3)	—	(7.3)
Foreign currency translation	(29.0)	—	(29.0)
Depreciation	(182.2)	(1.1)	(183.3)
Terminations	(1.0)	—	(1.0)
Net movements from/to assets held for sale in the year	(5.2)	—	(5.2)
At 29 February 2024	**3,594.6**	**2.4**	**3,597.0**

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of £212.3m (2022/23: £292.0m) relating to new leases and £105.9m (2022/23: £80.8m) relating to amendments to existing leases. The Group recognised net lease payments of £5.8m (2022/23: net lease incentive of £2.8m) on entering new and amended leases, within this amount is £3.6m relating to a released prepayment of sale and lease back property transaction (2022/23: £nil).

Lease liabilities	Property £m	Other £m	Total £m
At 3 March 2022	3,700.3	1.5	3,701.8
Additions	371.6	1.2	372.8
Interest	138.7	—	138.7
Foreign currency translation	44.4	—	44.4
Payments	(271.3)	(1.3)	(272.6)
Terminations	(1.5)	—	(1.5)
Reclassification to PPE[1]	(25.2)	—	(25.2)
At 2 March 2023	**3,957.0**	**1.4**	**3,958.4**
Additions	322.2	1.8	324.0
Interest	154.9	—	154.9
Foreign currency translation	(29.0)	—	(29.0)
Payments	(300.6)	(1.4)	(302.0)
Terminations	(1.1)	—	(1.1)
Net movements from/to assets held for sale in the year	(6.8)	—	(6.8)
At 29 February 2024	**4,096.6**	**1.8**	**4,098.4**

1 During the previous year, the Group acquired one property over which it had previously held a leasehold interest.

A maturity analysis of gross lease liability payments is included within Note 24.

22. Lease arrangements continued

Amounts recognised in the Group income statement

	2023/24 £m	2022/23 £m
Depreciation expense of right-of-use assets	183.3	165.8
Interest expense on lease liabilities	154.9	138.7
Expense relating to low-value assets and short-term leases	—	—
Variable lease payment expenses	3.5	2.1
Net impairment charge/(reversal) of right-of-use assets (Note 14)	7.3	(10.5)
Rental income	(4.0)	(3.1)
Net lease expense recognised in the consolidated income statement	**345.0**	**293.0**

The Group's total cash outflow in relation to leases was £305.4m including variable lease payments of £3.5m (2022/23: £277.4m including variable lease payments of £2.1m).

Future possible cash outflows not included in the lease liability

The Group has several lease contracts that include extension and termination options. Set out below are the undiscounted future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease liability.

	2024 £m	2023 £m
Extension options expected not to be exercised	1,361.1	1,246.4
Termination options expected to be exercised	—	—
	1,361.1	**1,246.4**

The Group uses judgement in determining whether termination and extension option periods will be included within the lease term. The Group assumes that, unless a decision has been made to exit a lease, termination options will not be exercised as a result of historic practices within the Group. At the outset of a lease, the Group assumes that it will not exercise extension options. Due to the length of the Group's leases, there is generally insufficient evidence that exercising an extension option is certain.

Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect. Approximately 77% of the Group's lease liabilities are subject to inflation-linked rentals (with 93% of these leases containing caps) and a further 13% which are subject to open-market rent review clauses. Rental changes linked to inflation or rent reviews typically occur on an annual or five-yearly basis.

As at 29 February 2024, the Group was committed to leases with future cash outflows totalling £1,368.8m (2023: £1,799.7m) which had not yet commenced and as such are not accounted for as a liability. A liability and corresponding right-of-use asset will be recognised for these leases at the lease commencement date.

The Group as a lessor

The Group acts as a lessor in relation to a number of non-trading legacy sites and in subletting space within trading sites. Rental income recognised by the Group during the year is £4.0m (2022/23: £3.1m). Future minimum rentals receivable under non-cancellable operating leases at the year-end are as follows:

	2024 £m	2023 £m
Within one year	3.3	2.4
After one year but not more than five years	6.7	6.0
More than five years	13.5	8.3
	23.5	**16.7**

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At 29 February 2024

23. Provisions

	Restructuring £m	Onerous contracts £m	Property costs £m	Insurance claims £m	Government payments £m	Other £m	Total £m
At 3 March 2022	0.4	5.0	6.6	8.2	9.3	1.8	31.3
Created	—	2.0	—	2.8	—	0.8	5.6
Transferred	—	—	—	—	2.3	—	2.3
Utilised	—	(1.4)	(1.0)	(2.3)	(0.1)	(0.1)	(4.9)
Released	(0.4)	(0.9)	—	—	(4.7)	—	(6.0)
Foreign exchange	—	—	—	—	0.2	—	0.2
At 2 March 2023	**—**	**4.7**	**5.6**	**8.7**	**7.0**	**2.5**	**28.5**
Created	—	0.4	4.0	2.0	—	0.4	6.8
Utilised	—	(0.9)	(4.0)	(1.0)	—	(0.3)	(6.2)
Released	—	(1.3)	—	(1.4)	(6.9)	(0.8)	(10.4)
Foreign exchange	—	—	—	—	(0.1)	—	(0.1)
At 29 February 2024	**—**	**2.9**	**5.6**	**8.3**	**—**	**1.8**	**18.6**
Analysed as:							
Current	—	2.9	5.6	—	—	1.8	10.3
Non-current	—	—	—	8.3	—	—	8.3
At 29 February 2024	**—**	**2.9**	**5.6**	**8.3**	**—**	**1.8**	**18.6**
Analysed as:							
Current	—	4.7	5.6	0.4	7.0	2.5	20.2
Non-current	—	—	—	8.3	—	—	8.3
At 2 March 2023	**—**	**4.7**	**5.6**	**8.7**	**7.0**	**2.5**	**28.5**

Onerous contracts

Onerous contract provisions relate primarily to property, software licences and supplier contracts where the contracts have become onerous. Provision is made for property-related costs for the period that a sublet or assignment of the lease is not possible. Onerous contract provisions are discounted using a discount rate of 2.0% (2023: 2.0%) based on an approximation for the time value of money.

Property-related

The amount and timing of the cash outflows are subject to variation. The Group utilises the skills and expertise of both internal and external property experts to determine the provision held. Provisions are expected to be utilised over a period of up to ten years. During the year, the Group created £0.5m, utilised £0.5m and released £1.3m of property-related onerous provisions.

Software

Certain software licence agreements were deemed to be onerous when following the disposal of Costa and as a result of the cancellation of a contract relating to the supply of IT equipment, it was no longer beneficial to the Group to use certain software or IT equipment. A provision of £0.5m was brought forward in relation to these contracts. During the year, the Group utilised £0.3m of this provision, with the provision carried forward to be utilised over the next year.

23. Provisions continued

Onerous contracts continued

Supplier contracts

Certain supplier contract arrangements are deemed to be onerous where minimum order commitments are not expected to be met. A provision of £0.4m was brought forward in relation to these contracts. During the year, the Group utilised £0.1m of the provision.

Property costs

The Group has established a property-related provision for the performance of remedial works at a small number of the Group's sites. A provision of £5.6m is brought forward in relation to these costs. During the year £4.0m of the provision has been utilised and £4.0m was created. The provision is expected to be utilised over the next three years.

Insurance

A provision of £8.7m was brought forward in relation to the estimate of the cost of future claims against the Group from employees and the public. The claims covered typically relate to accidents and injuries sustained within Whitbread's trading sites. During the year £1.0m of the provision was utilised, £1.4m was released, and £2.0m was created.

Government payments

The Group had made various claims for government support in previous years which were subject to review by relevant agencies. During the year a provision being held in relation to Whitbread's claims within Germany was released as management is satisfied that no repayments are required following final submission. Also during the year a provision being held in relation to Whitbread's claims in respect of historical indirect tax payments was released as the claim was paid out and settled, not requiring utilisation of this provision.

Other

The Group has previously announced its intention to exit hotel operations in South East Asia. This resulted in the recognition of a provision of £3.7m for risks arising from tax affairs and indemnity agreements. During the year, £0.3m of the provision had been utilised in the year, with £1.3m of the provision carried forward for risks arising from indemnity agreements. The remaining costs are expected to be utilised within one year.

The Group operates leases where it neither anticipates nor intends exiting a lease, therefore the Group has determined that the circumstances in which these leases would end mean that an outflow of resources is not considered probable and therefore it does not hold a material dilapidations provision.

24. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, senior unsecured bonds, cash, short-term deposits, trade receivables and trade payables. The Group's financial instrument policies can be found in the accounting policies in Note 2. The Board agrees policies for managing the financial risks summarised below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. Interest rate swaps are used where necessary to maintain a mix of fixed and floating rate borrowings to manage this risk, in line with the Group treasury policy. At the year-end, 100% of Group debt was fixed for an average of 3.5 years at an average interest rate of 3.0% (2023: 100% for 4.5 years at 3.0%).

In accordance with IFRS 7 *Financial Instruments: Disclosures*, the Group has undertaken sensitivity analysis on its financial instruments which are affected by changes in interest rates. This analysis has been prepared on the basis of a constant amount of net debt, a constant ratio of fixed to floating interest rates, and on the basis of the hedging instruments in place at 29 February 2024 and 2 March 2023 respectively. Consequently, the analysis relates to the situation at those dates and is not representative of the years then ended. The following assumptions were made:

- balance sheet sensitivity to interest rates applies only to derivative financial instruments, as the carrying value of debt and deposits does not change as interest rates move; and
- gains or losses are recognised in equity or the consolidated income statement in line with the accounting policies set out in Note 2.

Based on the Group's net cash position at the year-end, a 1%pt increase in interest rates would increase the Group's profit before tax by £7.0m (2023: £11.6m).

Liquidity risk

In its funding strategy, the Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of overdrafts and bank loans. This strategy includes monitoring the maturity of financial liabilities to avoid the risk of a shortage of funds.

Excess cash used in managing liquidity is placed on interest-bearing deposit where maturity is fixed at no more than three months. Short-term flexibility is achieved through the use of short-term borrowing on the money markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

24. Financial risk management objectives and policies continued

Liquidity risk continued

The Group has re-presented the time bands to better reflect the maturity profile that it monitors in its liquidity management activities and has amended the comparative total lease liability amount. The tables below summarise the Group's financial liabilities at 29 February 2024 and 2 March 2023 based on contractual undiscounted payments, including interest:

29 February 2024	Less than 12 months £m	Between 1 and 3 years £m	Between 3 and 10 years £m	Between 10 and 20 years £m	More than 20 years £m	Total £m	Carrying value £m
Non-derivative financial assets/liabilities:							
Interest-bearing loans and borrowings	29.8	494.4	594.6	—	—	1,118.8	994.9
Lease liabilities	318.7	640.2	2,172.0	2,277.3	1,551.9	6,960.1	4,098.4
Other financial liabilities	12.3	—	—	—	—	12.3	12.3
Trade and other payables	181.3	—	—	—	—	181.3	181.3
	542.1	**1,134.6**	**2,766.6**	**2,277.3**	**1,551.9**	**8,272.5**	**5,286.9**
Derivative financial assets/liabilities:							
Cross-currency swaps							
Derivative contracts – receipts	(15.2)	(465.2)	—	—	—	(480.4)	
Derivative contracts – payments	9.4	455.6	—	—	—	465.0	
	(5.8)	**(9.6)**	**—**	**—**	**—**	**(15.4)**	
Total	**536.3**	**1,125.0**	**2,766.6**	**2,277.3**	**1,551.9**	**8,257.1**	

2 March 2023	Less than 12 months £m	Between 1 and 3 years £m	Between 3 and 10 years £m	Between 10 and 20 years £m	More than 20 years £m	Total £m	Carrying value £m
Non-derivative financial assets/liabilities:							
Interest-bearing loans and borrowings	29.8	509.6	609.3	—	—	1,148.7	993.4
Lease liabilities	301.6	604.6	2,044.0	2,232.3	1,578.0	6,760.5	3,958.4
Trade and other payables	198.9	3.8	—	—	—	202.7	202.7
	530.3	**1,118.0**	**2,653.3**	**2,232.3**	**1,578.0**	**8,111.9**	**5,154.5**
Derivative financial assets/liabilities:							
Cross-currency swaps							
Derivative contracts – receipts	(15.2)	(480.4)	—	—	—	(495.6)	
Derivative contracts – payments	9.8	481.7	—	—	—	491.5	
	(5.4)	**1.3**	**—**	**—**	**—**	**(4.1)**	
Total	**524.9**	**1,119.3**	**2,653.3**	**2,232.3**	**1,578.0**	**8,107.8**	

24. Financial risk management objectives and policies continued

Credit risk

Due to the high level of cash held at the year-end, the most significant credit risk faced by the Group is that arising on cash and cash equivalents. The Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments. The Group seeks to minimise the risk of default in relation to cash and cash equivalents by spreading investments across a number of counterparties and dealing in accordance with Group Treasury Policy which specifies acceptable credit ratings and maximum investments for any counterparty.

In the event that any of the Group's banks get into financial difficulty, the Group is exposed to the risk of withdrawal of currently undrawn committed facilities. This risk is mitigated by the Group having a range of counterparties to its facilities.

The Group is exposed to a small amount of credit risk attributable to its trade and other receivables. This is minimised by dealing with counterparties with good credit ratings. The amounts included in the balance sheet are net of expected credit losses, which have been estimated by management based on prior experience and any known factors at the balance sheet date.

The Group's maximum exposure to credit risk arising from trade and other receivables, loans to joint ventures, derivatives and cash and cash equivalents is £785.4m (2023: £1,256.7m).

Foreign currency risk

The Group monitors the growth and risks associated with its overseas operations and will undertake hedging activities as and when they are required. In October 2019, the Group entered into a net investment hedge to manage the impact of movements in the GBP:EUR exchange rate on the value of the Group's investment in its business in Germany. See Note 25 for more details.

Capital management

The Group's primary objective in regard to capital management is to ensure that it continues to operate as a going concern and has sufficient funds at its disposal to grow the business for the benefit of shareholders. The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with the Group's net debt to EBITDA covenant. See page 11 of this report for the policies and objectives of the Board regarding capital management, analysis of the Group's credit facilities and financing plans for the coming years.

The Group aims to maintain sufficient funds for working capital and future investment in order to meet growth targets. The management of equity through share buybacks and new issues is considered as part of the overall leverage framework balanced against the funding requirements of future growth. In addition, the Group may carry out a number of sale and leaseback transactions to provide further funding for growth.

The Group has access to a £775.0m multicurrency revolving credit facility with a final maturity date on 25 May 2028. There is one financial covenant ratio, being: Net Debt/ Adjusted EBITDA <3.5x.

The above matters are considered at regular intervals and form part of the business planning and budgeting processes. In addition, the Board regularly reviews the Group's dividend policy and funding strategy.

25. Financial instruments

The carrying value of financial assets and liabilities at each reporting date are as follows:

	Amortised cost		Fair value		
At 29 February 2024	**Financial assets £m**	**Financial liabilities £m**	**Hedging instruments £m**	**Other £m**	**Carrying value £m**
Trade and other receivables	84.9	—	—	—	84.9
Cash and cash equivalents	502.8	—	—	193.9	696.7
Interest-bearing loans and borrowings	—	(994.9)	—	—	(994.9)
Lease liabilities	—	(4,098.4)	—	—	(4,098.4)
Derivative financial instruments	—	—	(12.1)	—	(12.1)
Other financial liabilities	—	(12.3)	—	—	(12.3)
Trade and other payables	—	(178.1)	—	—	(178.1)
Deferred and contingent consideration	—	—	—	(3.2)	(3.2)

	Amortised cost		Fair value		
At 2 March 2023	Financial assets £m	Financial liabilities £m	Hedging instruments £m	Other £m	Carrying value £m
Trade and other receivables	92.0	—	—	—	92.0
Cash and cash equivalents	395.1	—	—	769.6	1,164.7
Interest-bearing loans and borrowings	—	(993.4)	—	—	(993.4)
Lease liabilities	—	(3,958.4)	—	—	(3,958.4)
Derivative financial instruments	—	—	(7.8)	—	(7.8)
Trade and other payables	—	(198.9)	—	—	(198.9)
Deferred and contingent consideration	—	—	—	(3.8)	(3.8)

Fair values

IFRS 13 *Fair Value Measurement* requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. The classification uses the following three-level hierarchy:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable, either directly or indirectly; and

Level 3 – techniques which use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

25. Financial instruments continued

Financial assets and liabilities measured at amortised cost

The carrying value of trade and other receivables, cash and cash equivalents and trade and other payables are considered to be reasonable approximations of their fair values largely due to the short-term maturities of these instruments.

The fair value of the Group's borrowings is estimated at £920.1m (2023: £879.4m). The fair value of the Group's borrowings is based on level 1 valuation techniques where there is an active market for the instrument and on level 2 valuation techniques otherwise.

Financial assets and liabilities measured at fair value

	2024 £m	2023 £m
Financial assets		
Derivative financial instruments – level 2	3.8	—
Financial liabilities		
Derivative financial instruments – level 2	15.9	7.8
Deferred and contingent consideration – level 3	3.2	3.8

During the year ended 29 February 2024, there were no transfers between fair value measurement levels. Derivative financial instruments include £3.8m assets (2023: £nil) due after one year, £11.5m (2023: £nil) liabilities due within one year and £4.4m liabilities (2023: £7.8m) due after one year. Deferred and contingent consideration includes £3.2m due within one year (2023: £3.8m due after one year).

The fair value of derivative instruments classified as level 2 is calculated by discounting all future cash flows by the relevant market discount rate at the balance sheet date. The fair value of money market funds within cash and cash equivalents classified as level 1 are calculated by reference to their active market value at 29 February 2024.

The fair value of deferred and contingent consideration relating to acquisitions is classified as level 3. Details of the valuation are included in Note 26.

Derivative financial instruments

Hedge of net investment in foreign operations

In October 2019, the Group entered into cross-currency swaps, whereby it pays an average fixed rate of 2.12% on a notional amount of €521.0m and receives a fixed rate of 3.375% on a notional amount of £450.0m. These swaps are being used as a net investment hedge to manage the impact of movements in the GBP:EUR exchange rate on the value of the Group's investment in its business in Germany. The swaps mature in October 2025 in line with the bonds.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the cross-currency swaps. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise if the amount of the investment in the foreign subsidiary were to become lower than the nominal amount of the swaps.

The net investment hedges were assessed to be highly effective at 29 February 2024 and a net unrealised loss of £11.1m (2023: gain of £24.7m) has been recorded in the translation reserve. The Group has recorded costs of hedging of £1.1m (2023: £1.1m) within finance costs in the consolidated income statement as a result of the foreign currency basis spread within the hedging instrument.

Cash flow hedges

Commodity price risk

The Group is exposed to the impact of changes in gas and power prices. In the UK, the Group manages this risk by entering into physical supply agreements with an energy supplier or by hedging with financial counterparties.

As at 29 February 2024, the Group had fixed prices in respect to approximately 80% of its gas and power requirements for 2024/25. The Group forecasts its UK gas and power requirements for future years. Group policy specifies that prices are fixed on a proportion of the projected future requirement.

Given its knowledge of its estate, and its intention to continue operations, the Group is able to forecast UK energy requirements with a high degree of probability. The Group hedges its exposure by either entering into physical supply agreements with suppliers or into derivative trades with financial counterparties ('financial hedge').

The maximum hedge period is 3 years. The proportion required to be at a fixed price increases the closer the period in question is. The policy is operated on a rolling basis. The specified proportion is never more than 100% of the forecasted requirement. Moreover, by increasing the proportion of hedging over time, the Group is able to allow for any changes in the forecasted requirements.

When entering into a financial hedge, the Group undertakes to pay a fixed price for a specified amount of energy. Settlement is on a monthly basis for the life of the hedge. In return, the counterparty undertakes to pay an amount equal to the quantity of energy at the average benchmark price for the month. This benchmark price should be the same as the benchmark price paid by the Group to its supplier for the same period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

25. Financial instruments continued

Derivative financial instruments continued

Cash flow hedges continued

Commodity price risk continued

The impact of the hedging instruments and hedged items on the statement of financial position is as follows:

At 29 February 2024	Notional amount £m	Carrying amount £m	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the year	Hedged item	Change in fair value of hedged item
Net investment in foreign operations						
Cross-currency swaps	450.0	3.8	Derivative financial instruments	10.4	Net investment in foreign subsidiaries	(10.4)
Cash flow hedges						
Power commodity swap	38.9	(15.9)	Derivative financial instruments	(14.6)	Highly probable forecast future power usage	N/A – future usage

At 2 March 2023	Notional amount £m	Carrying amount £m	Line item in statement of financial position	Change in fair value used for measuring ineffectiveness for the year	Hedged item	Change in fair value of hedged item
Net investment in foreign operations						
Cross-currency swaps	450.0	(6.6)	Derivative financial instruments	(22.2)	Net investment in foreign subsidiaries	22.2
Cash flow hedges						
Power commodity swap	10.2	(1.3)	Derivative financial instruments	(1.3)	Highly probable forecast future power usage	N/A – future usage

The impact of the hedging instruments in the consolidated income statement and consolidated statement of comprehensive income is as follows:

2023/24	Total hedging gain/(loss) recognised in OCI £m	Amount reclassified from OCI to profit or loss £m	Line item in the consolidated income statement	Accumulated value recognised in cash flow hedge reserve £m
Power commodity swap	(14.6)	—	N/A – future usage	(15.9)

2022/23	Total hedging gain/(loss) recognised in OCI £m	Amount reclassified from OCI to profit or loss £m	Line item in the consolidated income statement	Accumulated value recognised in cash flow hedge reserve £m
Power commodity swap	(1.3)	—	N/A – future usage	(1.3)

25. Financial instruments continued

Derivative financial instruments continued

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve £m	Foreign currency translation reserve £m
At 3 March 2022	—	24.3
Change in fair value recognised in other comprehensive income – Power commodity swap	(1.3)	—
Foreign exchange arising on consolidation	—	37.3
Fair value movement on derivatives designated as net investment hedges	—	(24.7)
Deferred tax credit	—	(1.9)
At 2 March 2023	**(1.3)**	**35.0**
Change in fair value recognised in other comprehensive income – Power commodity swap	(14.6)	—
Foreign exchange arising on consolidation	—	(21.7)
Fair value movement on derivatives designated as net investment hedges	—	11.1
Net current tax credit	—	1.5
Deferred tax expense	4.3	—
At 29 February 2024	**(11.6)**	**25.9**

There have been no amounts reclassified to profit or loss during the year. The foreign currency translation reserve includes an accumulated gain of £0.6m (2023: loss of £10.5m) relating to derivatives designated as net investment hedges.

26. Trade and other payables

	2024 £m	Re-presented[1] 2023 £m
Trade payables	91.9	95.2
Other taxes and social security	61.9	70.7
Contract liabilities	177.1	167.3
Accruals	250.2	239.8
Other payables	86.2	103.7
Deferred and contingent consideration	3.2	3.8
	670.5	**680.5**
Analysed as:		
Current	670.5	676.7
Non-current	—	3.8
	670.5	**680.5**

1 Following a change in the hotel management system, the analysis of trade and other payables as at 2 March 2023 has been re-presented to reclassify VAT of £30.5m from contract liabilities to other taxes and social security to achieve consistent year-on-year presentation of contract liabilities, net of VAT.

Included within contract liabilities is £171.9m (2023: £165.3m re-presented) relating to payments received for accommodation where the stay will take place after the year-end and £5.2m (2023: £4.0m) revenue deferred relating to the Group's customer loyalty programmes. During the year, £167.3m presented as a contract liability in 2023 has been recognised in revenue (2023: £146.2m).

Trade payables typically have maturities up to 60 days depending on the nature of the purchase transaction and the agreed terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

26. Trade and other payables continued

Deferred and contingent consideration

	2024 £m	2023 £m
Opening deferred and contingent consideration	3.8	25.1
Recognised on acquisition of assets	—	2.5
Amounts released during the period	(0.5)	—
Unwinding of discount rate (Note 8)	—	0.2
Paid during the period	—	(25.3)
Foreign exchange movements	(0.1)	1.3
Closing deferred and contingent consideration	**3.2**	**3.8**

The Group has contingent consideration in relation to nine sites from acquisitions in the current and previous years which is held at fair value. Amounts payable relate to various acquisitions and as a result payment terms vary, with the last payment due within one year. The fair value is calculated by discounting the future payments from their expected handover date using a risk adjusted discount rate. A 1% decrease/increase in the discount rate would increase/decrease the value of contingent consideration by £0.1m.

Foreign exchange movements on deferred and contingent consideration are recognised within exchange differences on translation of foreign operations in the consolidated statement of comprehensive income.

27. Share capital

Ordinary share capital

Allotted, called up and fully paid ordinary shares of 76.80 pence each (2023: 76.80 pence each)

	million	£m
At 3 March 2022	214.5	164.8
Issued on exercise of employee share options	0.1	0.1
At 2 March 2023	**214.6**	**164.9**
Issued on exercise of employee share options	0.2	0.2
Cancellations following share buyback	(17.3)	(13.3)
At 29 February 2024	**197.5**	**151.8**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Employee share options

During the year, options over 0.2m (2022/23: 0.1m) ordinary shares, fully paid, were exercised by employees under the terms of various share option schemes. The Company received proceeds of £5.4m (2022/23: £2.0m) on exercise of these options.

Share buyback, commitment and cancellation

The Company purchased and cancelled 17.3m shares with a nominal value of £13.3m under the share buyback programmes running through the financial year. Consideration of £591.1m, including associated fees and stamp duty of £3.4m, was paid during the period. The buyback represents an irrevocable commitment and therefore the liability to purchase the remaining shares of £12.3m is recorded as a liability on the consolidated balance sheet. The final payment to shareholders under the October 2023 announced share buyback programme was made on 4 March 2024.

Preference share capital

Allotted, called up and fully paid shares of 1 pence each (2023: 1 pence each)

	B shares		C shares	
	million	£m	million	£m
At 3 March 2022, 2 March 2023, 29 February 2024	2.0	—	1.9	—

B shareholders are entitled to an annual non-cumulative preference dividend paid in arrears on or around 2 July each year on a notional amount of 155 pence per share.

C shareholders are entitled to an annual non-cumulative preference dividend paid in arrears on or around 14 January each year on a value of 159 pence per share.

In addition to shares issued in the normal course of business as part of the share-based payments schemes, there have been transactions involving the buyback of ordinary shares or potential ordinary shares since the reporting date and before the completion of these consolidated financial statements.

28. Reserves

Share premium

The share premium reserve is the premium paid on the Company's 76.80 pence ordinary shares.

Capital redemption reserve

A capital redemption reserve was created on the cancellation of the Group's B and C preference shares and also includes the nominal value of cancelled ordinary shares.

28. Reserves continued

Retained earnings

In accordance with IFRS practice, retained earnings include revaluation reserves which arose on transition to IFRS.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries, other foreign currency investments and exchange differences on derivative instruments that provide a hedge against net investments in foreign operations.

Other reserves

The movement in other reserves during the year is set out in the table below:

	Treasury reserve £m	Merger reserve £m	Hedging reserve £m	Excluded component of hedge reserve £m	Total other reserves £m
At 3 March 2022	517.1	1,855.0	—	(1.8)	2,370.3
Other comprehensive income – net loss on cash flow hedges (Note 25)	—	—	1.3	—	1.3
Other comprehensive income – deferred tax on cash flow hedges (Note 25)	—	—	—	—	—
Other comprehensive income – gain on net investment hedge	—	—	—	(2.5)	(2.5)
Cost of hedging	—	—	—	(1.1)	(1.1)
Purchase of ESOT shares	31.7	—	—	—	31.7
Loss on ESOT shares issued	(4.3)	—	—	—	(4.3)
At 2 March 2023	**544.5**	**1,855.0**	**1.3**	**(5.4)**	**2,395.4**
Other comprehensive income – net loss on cash flow hedges (Note 25)	—	—	14.6	—	14.6
Other comprehensive income – deferred tax on cash flow hedges (Note 25)	—	—	(4.3)	—	(4.3)
Other comprehensive income – loss on net investment hedge	—	—	—	0.7	0.7
Cost of hedging	—	—	—	(1.1)	(1.1)
Loss on ESOT shares issued	(6.4)	—	—	—	(6.4)
At 29 February 2024	**538.1**	**1,855.0**	**11.6**	**(5.8)**	**2,398.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

28. Reserves continued

Other reserves continued

Treasury reserve

This reserve relates to shares held by an independently managed employee share ownership trust (ESOT) and treasury shares held by Whitbread PLC. The shares held by the ESOT were purchased in order to satisfy outstanding employee share options and potential awards under the Long Term Incentive Plan (LTIP) and other incentive schemes.

The movement in treasury reserves during the year is set out in the table below:

	Treasury shares held by Whitbread PLC		ESOT shares held	
	million	£m	million	£m
At 3 March 2022	12.5	514.5	0.2	2.6
Purchase of ESOT shares	—	—	1.2	31.7
Exercised during the year	—	—	(0.2)	(4.3)
At 2 March 2023	**12.5**	**514.5**	**1.2**	**30.0**
Exercised during the year	—	—	(0.3)	(6.4)
At 29 February 2024	**12.5**	**514.5**	**0.9**	**23.6**

Merger reserve

The merger reserve arose as a consequence of the merger in 2000/01 of Whitbread Group PLC and Whitbread PLC.

Hedging reserve

The hedging reserve records movements for effective cash flow hedges measured at fair value.

Excluded component of hedge reserve

The excluded component of hedge reserve records movements in the elements of derivatives used in hedging arrangements that are excluded from the hedge relationship.

29. Analysis of cash flows given in the cash flow statement

	2023/24 £m	2022/23 £m
Profit for the year	**312.1**	**278.8**
Adjustments for:		
Tax expense	139.6	96.1
Net finance costs (Note 8)	113.1	130.1
Share of profit from joint ventures	(13.0)	(2.3)
Depreciation and amortisation	383.4	345.5
Share-based payments	15.8	17.7
Net impairment reversal/(charge) (Note 14)	107.5	34.9
Gains on disposals, property and other provisions	(15.3)	(4.0)
Other non-cash items	9.2	0.6
Cash generated from operations before working capital changes	**1,052.4**	**897.4**
Decrease/(increase) in inventories	0.4	(2.3)
Decrease/(increase) in trade and other receivables	26.1	(10.9)
Increase in trade and other payables	7.8	112.1
Cash generated from operations	**1,086.7**	**996.3**

Other non-cash items include an outflow of £0.6m representing bad debt charges (2022/23: £0.3m outflow), an inflow of £3.2m (2022/23: £0.7m outflow) as a result of net provision movements, an inflow of £5.0m (2022/23: £3.6m inflow) representing non-cash pension scheme administration costs and an inflow of £1.6m (2022/23: £2.1m outflow) from foreign exchange gains.

30. Contingent liabilities

There are no contingent liabilities to be disclosed in the year ended 29 February 2024 (2023: none).

31. Share-based payment plans

Long Term Incentive Plan (LTIP)

LTIP awards were made to directors and senior executives of the Group prior to the adoption of the Restricted Share Plan. Vesting of share awards under the scheme were dependent on continued employment and meeting performance targets over a three-year vesting period. The awards are settled in equity once exercised.

Deferred equity awards

Share awards are made under the Whitbread Directors Incentive Scheme implemented during 2004/05. The awards are not subject to performance conditions and will vest in full on the release date subject to continued employment at that date. If the director or senior executive of the Group ceases to be an employee of Whitbread prior to the release date, normally three years after the award, by reason of redundancy, death, injury, ill health, disability or some other reason considered to be a permitted reason by the Remuneration Committee, the awards may be released in full. If employment ceases for any other reason, the proportion of awards which vest depends upon the year in which the award was made and the date that employment ceased. If employment ceases in the first year after an award is made, none of the award vests, between the first and second anniversary, 25% vests and between the second and third anniversary, 50% vests. The awards are settled in equity once exercised.

R&R Scheme

The R&R Scheme enables Whitbread to make share awards periodically on a flexible basis. There are typically no performance conditions but these can be imposed by Whitbread at time of grant. Vesting of awards under this scheme is dependent on being in employment at date of vesting. If employment at Whitbread ceases prior to the vesting date by reason of resignation or is terminated for cause, all unvested awards will lapse. If employment ceases for any other reason, any vesting will be at the discretion of the Remuneration Committee and if granted will be on a prorated basis to the leaving date. The awards are settled in equity once exercised.

Restricted Share Plan (RSP)

At the general meeting held on 6 December 2019, it was agreed that the Restricted Share Plan would replace the Long Term Incentive Plan. Vesting of all shares under the scheme will depend on continued employment and meeting underpin targets over a period of at least three years. Details of the underpin target that apply to RSP awards are included in the remuneration report on pages 122 to 141. After vesting there is an additional holding period applicable to directors and senior executives such that the underpin measurement period and holding period is at least five years. If employment at Whitbread ceases prior to the vesting date by reason of resignation or terminated for cause, all unvested shares will lapse. If employment ceases for any other reason, any vesting will be at the discretion of the Remuneration Committee and if granted will be on a prorated basis to the leaving date. The awards are settled in equity once exercised.

Movements in the number of share awards are as follows:

52 weeks to 29 February 2024	Outstanding at the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
Long Term Incentive Plan	68,977	—	(68,408)	—	569	569
Deferred equity awards	263,860	157,199	(90,595)	(20,452)	310,012	6,168
R&R Scheme	539,159	54,161	(169,498)	(39,917)	383,905	145,602
Restricted Share Plan	477,080	205,391	(7,147)	(60,188)	615,136	173,517
	1,349,076	**416,751**	**(335,648)**	**(120,557)**	**1,309,622**	**325,856**

52 weeks to 2 March 2023	Outstanding at the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
Long Term Incentive Plan	130,499	—	(57,065)	(4,457)	68,977	68,977
Deferred equity awards	154,341	176,272	(64,917)	(1,836)	263,860	—
R&R Scheme	523,455	84,249	(39,020)	(29,525)	539,159	—
Restricted Share Plan	254,875	283,603	(3,186)	(58,212)	477,080	—
	1,063,170	**544,124**	**(164,188)**	**(94,030)**	**1,349,076**	**68,977**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

31. Share-based payment plans continued

Employee Sharesave scheme

The employee Sharesave scheme is open to all employees and provides for a purchase price equal to the market price on the day preceding the date of invitation, with a 20% discount. The shares can be purchased over the six-month period following the third or fifth anniversary of the commencement date, depending on the length chosen by the employee.

The weighted average exercise price (WAEP) of movements in the number of share awards are as follows:

	2023/24		2022/23	
	Options	**WAEP £ per share**	Options	WAEP £ per share
Outstanding at the beginning of the year	1,259,804	23.01	1,173,108	26.01
Granted during the year	383,890	27.11	649,795	20.51
Exercised during the year	(207,689)	26.06	(65,199)	27.18
Expired during the year	(222,594)	22.99	(497,900)	26.19
Outstanding at the end of the year	1,213,411	23.79	1,259,804	23.01
Exercisable at the year-end	74,973	25.42	60,647	27.64

Outstanding options to purchase ordinary shares of 76.80 pence between 2024 and 2029 are exercisable at prices between £20.51 and £31.62 per share (2023: between 2023 and 2028 at prices between £24.86 and £31.62). The weighted average share price at the date of exercise for options exercised during the year was £34.48 (2023: £30.10).

The weighted average contractual life of the share options outstanding as at 29 February 2024 is between two and three years.

31. Share-based payment plans continued

The following tables list the inputs to the models used for the financial years:

29 February 2024	Grant date	Exercise price £	Price at grant date £	Expected term Years	Expected dividend yield %	Expected volatility %	Risk-free rate %	Vesting conditions	Fair value per share £
Deferred equity awards	25.04.2023	—	32.59	3.00	2.00	N/A	N/A	Service[3]	30.70
Deferred equity awards	11.01.2024	—	36.32	2.29	2.00	N/A	N/A	Service[3]	34.69
Restricted share plan	25.04.2023	—	32.59	3.00	2.00	N/A	N/A	Non-market[1,2,3,4]	30.70
Restricted share plan	11.01.2024	—	36.32	2.29	2.00	N/A	N/A	Non-market[1,2,3,4]	34.69
R&R awards	11.01.2024	—	36.32	1.65	2.00	N/A	N/A	Service[3]	35.97
SAYE – 3 years	12.12.2023	27.11	33.69	3.22	2.00	38.8	4.25	Service[3]	12.08
SAYE – 5 years	12.12.2023	27.11	33.69	5.22	2.00	38.8	3.95	Service[3]	13.63

2 March 2023	Grant date	Exercise price £	Price at grant date £	Expected term Years	Expected dividend yield %	Expected volatility %	Risk-free rate %	Vesting conditions	Fair value per share £
Deferred equity awards	28.04.2022	—	28.75	3.00	2.00	N/A	N/A	Service[3]	28.18
R&R awards – 2 years	28.04.2022	—	28.75	2.00	2.00	N/A	N/A	Service[3]	27.89
R&R awards – 3 years	28.04.2022	—	28.75	3.00	2.00	N/A	N/A	Service[3]	27.08
Restricted share plan	17.01.2023	—	30.28	0.16	—	N/A	N/A	Service[3]	30.28
Restricted share plan	17.01.2023	—	30.28	2.66	2.00	N/A	N/A	Service[3]	29.28
Restricted share plan	17.01.2023	—	30.28	3.66	2.00	N/A	N/A	Service[3]	29.28
Restricted share plan	17.01.2023	—	30.28	2.16	2.00	N/A	N/A	Service[3]	29.01
Restricted share plan	17.01.2023	—	30.28	3.24	2.00	N/A	N/A	Service[3]	28.37
SAYE – 3 years	02.12.2022	20.51	26.09	3.25	2.00	40.0	3.38	Service[3]	9.50
SAYE – 5 years	02.12.2022	20.51	26.09	5.25	2.00	40.0	3.29	Service[3]	10.68

1 Return on capital employed.

2 Other performance conditions.

3 Employment service.

4 Lease-adjusted net debt.

The fair value of share options granted is estimated as at the date of grant using a stochastic model, taking into account the terms and conditions upon which the options were granted.

Expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The risk-free rate is the rate of interest obtainable from Government securities over the expected life of the equity incentive. The expected dividend yield is calculated on the basis of publicly available information at the time of the grant date which, in most cases, is the historic dividend yield. No other features relating to the granting of options were incorporated into the measurement of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

31. Share-based payment plans continued

Employee share ownership trust (ESOT)

The Company funds an ESOT to enable it to acquire and hold shares for the share-based payment plans noted above. The ESOT held 0.9m shares at 29 February 2024 (2023: 1.2m). All dividends on the shares in the ESOT are waived by the Trustee.

Total charged to the consolidated income statement for all schemes

	2023/24 £m	2022/23 £m
Deferred equity	3.5	2.6
R&R Scheme	2.1	5.8
Restricted Share Plan	5.6	3.7
Employee Sharesave scheme	4.6	5.6
Equity settled	**15.8**	**17.7**

32. Retirement benefits

Defined contribution schemes

The Group operates a contracted-in defined contribution scheme under the Whitbread Group Pension Fund. Contributions by both employees and Group companies are held in externally invested, trustee-administered funds.

The Group contributes a specified percentage of earnings for members of the above defined contribution scheme, and thereafter has no further obligations in relation to the scheme. The total cost charged to the consolidated income statement in relation to the defined contribution scheme in the year was £14.7m (2022/23: £12.8m). At the year-end, the Group owed outstanding contributions of £2.8m (2023: £nil) in respect of the defined contribution scheme.

Defined benefit scheme

The defined benefit (final salary) section of the principal Group pension scheme, the Whitbread Group Pension Fund, was closed to new members on 31 December 2001 and to future accrual on 31 December 2009. The Whitbread Group Pension Fund is set up under UK trust law, registered with His Majesty's Revenue and Customs and regulated by the Pensions Regulator. The Whitbread Group Pension Fund is governed by a corporate trustee which operates the scheme in accordance with the requirements of UK pensions legislation.

The surplus recognised in the consolidated balance sheet in respect of the defined benefit pension scheme is the fair value of the plan assets less the present value of the defined benefit obligation at the end of the reporting period. The IAS 19 pension cost relating to the defined benefit section of the Whitbread Group Pension Fund is assessed in accordance with actuarial advice from, and calculations provided by Lane Clark & Peacock, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. As the scheme is closed to future accrual, there is no future service cost.

The surplus has been recognised as, under the governing documentation of the Whitbread Group Pension Fund, the Group has an unconditional right to receive a refund, assuming the gradual settlement of the scheme liabilities over time until all members and their dependants have either died or left the scheme, in accordance with the provisions of IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.*

With the pensioner buy-in policy purchased in June 2022, the defined benefit scheme has now insured around 50% of pensioners, under which the benefits payable to defined benefit members covered under the policy became fully insured, thus reducing the Group's exposure to changes in longevity, interest rates inflation and other relevant factors.

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 13.0 years (2023: 13.0 years).

The Group is aware of the High Court ruling in the case of Virgin Media Ltd vs NTL Pension Trustees II Ltd & Ors, and is waiting for the outcome of the appeal, scheduled for June 2024, and any additional hearings, as well as confirmation from the Government as to whether it will issue new regulations in response to the issue.

32. Retirement benefits continued

Funding

Expected contributions to be made in the next reporting period total £17.7m (2022/23: £16.4m). In 2023/24, contributions were £16.7m with £5.1m from the employer, £11.4m from Moorgate Scottish Limited Partnership (SLP) and £0.2m of benefits settled by the Group in relation to an unfunded scheme (2022/23: £14.5m, with £3.6m from the employer, £10.8m from Moorgate SLP and £0.1m of benefits settled by the Group in relation to an unfunded scheme). In addition, Whitbread paid £0.8m (2022/23: £1.2m) of investment manager expenses.

A scheme-specific actuarial valuation for the purpose of determining the level of cash contributions to be paid into the Whitbread Group Pension Fund was undertaken as at 31 March 2020 by Towers Watson Ltd using the projected unit credit method. The valuation showed a surplus of assets relative to technical provisions of £55.0m (31 March 2017: deficit of £450.0m). As a result, no deficit reduction contributions are due.

A scheme-specific actuarial valuation of the scheme as at 31 March 2023 is currently being carried out and is expected to be completed by June 2024.

The Trustee holds as security £531.5m of Whitbread's freehold property and this is expected to remain at this level until no further obligations are due under the Scottish Partnership arrangements which is expected to be in 2025. Following that, the security held by the Trustee will be the lower of: £500.0m; and 120% of the buy-out deficit and will remain in place until there is no longer a buy-out deficit.

Investment in Moorgate SLP

The Pension Scheme will receive a share of the income, profits and a variable capital payment from its investment in Moorgate SLP, which was established by the Group in the year ended 4 March 2010 (the share in profits is accounted for by the Group as contributions when paid). The partnership interests in Moorgate SLP are held by the Group, the general partner and by the Pension Scheme.

Moorgate SLP holds an investment in a further partnership, Farringdon Scottish Partnership (SP), established in the same year. Property assets were transferred from other Group companies to Farringdon SP and are leased back to Whitbread Group PLC and Premier Inn Hotels Limited. The Group retains control over these properties, including the flexibility to substitute alternative properties. However, the Trustee has first charge over the property portfolio and certain other assets with an aggregate value of £228.0m which is included in the charge of £531.5m above. The Group retains control over both partnerships and, as such, they are fully consolidated in these consolidated financial statements.

The Pension Scheme is a partner in Moorgate SLP and, as such, is entitled to an annual share of the profits of the partnership with the underlying agreement terminating after FY25. At the end of this agreement, the partnership capital allocated to the Pension Scheme partner will, depending on the funding position of the Pension Scheme at that time, be transferred in cash to the Pension Scheme up to a value of £150.0m. The Group does not currently expect to need to pay out a material value under this clause as the funding position as at year-end is in a technical funding asset position, noting this is subject to change up to the point of the partnership agreement being terminated after FY25.

Under IAS 19, the investment held by the Pension Scheme in Moorgate SLP, a consolidated entity, does not represent a plan asset for the purposes of the consolidated financial statements. Accordingly, the pension surplus position in these consolidated financial statements does not reflect the £11.4m (2023: £21.9m) investment in Moorgate SLP held by the Pension Scheme.

32. Retirement benefits continued

Risks

Through its defined benefit scheme, the Group is exposed to a number of risks in relation to the IAS 19 surplus, the most significant of which are detailed below:

Risk	Description	Principal impact on assets and obligation reconciliations
Market volatility	The value of the defined benefit obligation is linked to AA-rated corporate bonds whilst the Scheme invests some of its assets in alternative asset classes (including those denominated in foreign currencies). These assets include private equities, secure income assets, gilts, swaps and cash. This exposes the Group to risks including those relating to interest rates, equity markets, foreign exchange and climate change. As a result, any change in market conditions which impacts the value of the Scheme's assets or the interest rate on AA-rated corporate bonds will lead to volatility in the Group's net pension liability on the balance sheet, pension expense in the income statement and remeasurement of movements in other comprehensive income. There is the potential for heightened market volatility through a number of different sources, including the economic impact of geopolitical events (e.g. the Russia-Ukraine conflict), the policy response of central banks to changing economic conditions (e.g. growth and inflation) which could have consequential implications on interest rates, in addition to wider economic impacts. There are also longer-term macroeconomic risks, such as the possible risk of recession and constraints on market liquidity, which could all adversely affect the Scheme's assets.	• Return on plan assets • Actuarial movements in financial assumptions
Inflationary risk	Due to the link between the scheme obligation and inflation, an increase in the expected future rate of inflation will lead to higher scheme liabilities, although this is mitigated by the Scheme holding inflation-linked assets which aim to match the increase in liabilities.	• Actuarial movements in financial assumptions
Accounting assumptions	The defined benefit obligation is calculated by projecting the future cash flows of the scheme for many years into the future. Consequently, the assumptions used can have a significant impact on the balance sheet position and income statement charge. In practice, future scheme experience may not be in line with the assumptions adopted. For example, an increase in the life expectancy of members would increase scheme liabilities.	• Discount rate: interest income on scheme assets and cost on liabilities • Mortality: actuarial movements in demographic assumptions • Actuarial movements in financial assumptions

32. Retirement benefits continued

Risks continued

The principal assumptions used by the independent qualified actuaries in updating the most recent valuation carried out as at 31 March 2020 of the UK scheme to 29 February 2024 for IAS 19 *Employee benefits* purposes were:

	At 29 February 2024 %	At 2 March 2023 %
Pre-April 2006 rate of increase in pensions in payment	3.10	3.20
Post-April 2006 rate of increase in pensions in payment	2.10	2.20
Pension increases in deferment	3.10	3.20
Discount rate	5.00	5.00
Inflation assumption	3.20	3.30

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The mortality improvements assumption has been updated to use the CMI 2022 model (2023: CMI 2021). The CMI 2022 model parameters include some weighting for 2022 mortality experience. The assumptions are that a member currently aged 65 will live on average for a further 19.5 years (2023: 19.7 years) if they are male and for a further 22.1 years (2023: 22.4 years) if they are female. For a member who retires in 2043 at age 65, the assumptions are that they will live on average for a further 20.4 years (2023: 20.7 years) after retirement if they are male and for a further 23.3 years (2023: 23.6 years) after retirement if they are female.

The Group's methodology for determining the discount rate is set based on single-AA rated corporate bonds.

The amounts recognised in the consolidated income statement in respect of the defined benefit scheme are as follows:

	2023/24 £m	2022/23 £m
Net interest on net defined benefit surplus	(16.2)	(13.6)
Administrative expense	5.0	3.6
Total income recognised in the consolidated income statement (gross of deferred tax)	**(11.2)**	**(10.0)**

The amounts taken to the consolidated statement of comprehensive income are as follows:

	2023/24 £m	2022/23 £m
Actuarial losses/(gains)	4.6	(761.5)
Return on plan assets lower than discount rate	183.6	985.1
Remeasurement effects recognised in other comprehensive income	**188.2**	**223.6**

The amounts recognised in the consolidated balance sheet are as follows:

	2024 £m	2023 £m
Present value of defined benefit obligation	(1,719.6)	(1,723.0)
Fair value of scheme assets	1,884.8	2,047.7
Surplus recognised in the consolidated balance sheet	**165.2**	**324.7**

Changes in the present value of the defined benefit obligation are as follows:

	2023/24 £m	2022/23 £m
Opening defined benefit obligation	1,723.0	2,521.2
Interest cost	83.7	64.0
Remeasurement due to:		
Changes in financial assumptions	(17.5)	(735.3)
Changes in demographic assumptions	(17.9)	(26.2)
Experience adjustments	40.0	—
Benefits paid	(91.5)	(100.6)
Benefits settled by the Group in relation to an unfunded pension scheme[1]	(0.2)	(0.1)
Closing defined benefit obligation	**1,719.6**	**1,723.0**

1 The total of these items equals the cash paid by the Group as per the consolidated cash flow statement. 'Contributions from employer' include contributions to cover administration expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

32. Retirement benefits continued

Risks continued

Changes in the fair value of the scheme assets are as follows:

	2023/24 £m	2022/23 £m
Opening fair value of scheme assets	2,047.7	3,043.8
Interest income on scheme assets	99.9	77.6
Return on plan assets greater/(lower) than discount rate[2]	(183.6)	(985.1)
Contributions from employer[1]	5.1	3.6
Additional contributions from Moorgate SLP[1]	11.4	10.8
Investment manager expenses paid by the employer[1]	0.8	1.2
Benefits paid	(91.5)	(100.6)
Administrative expenses	(5.0)	(3.6)
Closing fair value of scheme assets	**1,884.8**	**2,047.7**

The major categories of plan assets are as follows:

	2024			2023		
	Quoted and pooled £m	Unquoted £m	Total £m	Quoted and pooled £m	Unquoted £m	Total £m
Alternative assets	—	—	—	1.1	—	1.1
Bonds	—	1.3	1.3	—	1.3	1.3
Private markets	—	356.4	356.4	—	508.4	508.4
Liability-driven investments[3]	1,022.9	—	1,022.9	990.5	—	990.5
Cash and other[4]	24.2	6.1	30.3	33.6	0.2	33.8
Buy-in insurance	—	473.9	473.9	—	512.6	512.6
	1,047.1	**837.7**	**1,884.8**	**1,025.2**	**1,022.5**	**2,047.7**

1 The total of these items equals the cash paid by the Group as per the consolidated cash flow statement. 'Contributions from employer' include contributions to cover administration expenses.

2 Includes cost of managing fund assets.

3 Liability-driven investments include UK fixed and index-linked gilts, repurchase agreements and reverse repurchase agreements, interest rate and inflation (RPI) swaps, gilt futures and cash.

4 Other primarily relates to assets held in respect of cash and net current assets.

32. Retirement benefits continued

Risks continued

The assumptions in relation to discount rate, mortality and inflation have a significant effect on the measurement of scheme liabilities. The following table shows the sensitivity of the valuation to changes in these assumptions:

	(Increase)/decrease in gross defined benefit liability	
	2024 £m	2023 £m
Discount rate		
2.00% increase to discount rate	344.0	357.0
2.00% decrease to discount rate	(518.0)	(548.0)
Inflation		
0.25% increase to inflation rate	(38.0)	(39.0)
0.25% decrease to inflation rate	37.0	38.0
Life expectancy		
Additional one-year increase to life expectancy	(64.4)	(71.3)

The above sensitivity analyses are based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. Where the discount rate is changed this will have an impact on the valuation of scheme assets in the opposing direction. The above sensitivities table shows only the expected changes to the gross defined benefit obligation (liability). When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (projected unit credit method) has been applied as when calculating the pension surplus recognised within the consolidated balance sheet. The methods and types of assumptions did not change.

33. Related party disclosure

The Group consists of a parent company, Whitbread PLC, incorporated in the UK, and a number of subsidiaries and joint ventures held directly and indirectly by Whitbread PLC, which operate and are incorporated around the world. Note 9 to the Company's separate financial statements lists details of the interests in subsidiaries and related undertakings.

The Group holds 6% as a general partnership interest in Moorgate Scottish Limited Partnership (SLP) with Whitbread Pension Trustees holding the balance as a limited partner. Moorgate SLP holds a 67.8% investment in a further partnership, Farringdon Scottish Partnership (SP), which was established by the Group to hold property assets. The remaining 32.2% interest in Farringdon SP is owned by the Group. The partnerships were set up in 2009/10 as part of a transaction with Whitbread Pension Trustees and the Group retains control over both partnerships and, as such, they are fully consolidated in these consolidated financial statements. Further details can be found in Note 32.

Shares in Whitbread Group PLC are held directly by Whitbread PLC. Shares in the other subsidiaries are held directly and indirectly by Whitbread Group PLC.

Related party transactions

	2023/24 Joint ventures £m	2022/23 Joint ventures £m
Sales to a related party	—	—
Purchases from a related party	0.1	—
Amounts owed by related party	—	—
Amounts owed to related party	—	—

Other transactions with joint ventures

For details of the Group's investments in and loans to joint ventures, see Note 16, those details are excluded from the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

33. Related party disclosure continued

Key management personnel

The key management personnel of the Group are defined as the members of the Whitbread PLC Executive Committee. Compensation of key management personnel (including directors) is set out below.

	2023/24 £m	2022/23 £m
Short-term employee benefits	8.0	9.5
Post-employment benefits	—	—
Share-based payments	6.3	6.1
	14.3	**15.6**

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at normal market prices. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided, or received, for any related party receivables. No adjustment for expected credit loss relating to amounts owed by related parties has been made (2023: £nil). An assessment is undertaken, each financial year, through examining the financial position of the related parties and the market in which the related parties operate.

Transactions with other related parties

Details of transactions with directors are detailed in Note 7.

34. Events after the balance sheet date

Share buy-back

The Board of Directors approved a share buy-back on 29 April 2024 for £150.0m and is in the process of appointing the relevant brokers to undertake the programme in accordance with that approval.

Accelerating Growth Plan

The results include the announcement of the Accelerating Growth Plan ('AGP') to optimise UK F&B. Details of the plan include the conversion of 112 branded restaurants into new rooms and disposal of a further 126 branded restaurants over the next 24 months. We have agreed to sell 21 of these sites for £28m.

35. Asset acquisitions

During this and the previous year, the Group have purchased a number of properties, the legal form of the transactions varies between acquisition of the property or acquisition of the company holding title of the property, as well as noting that a number of properties are purchased in a state that means they do not meet the definition of a business on acquisition.

For the remaining properties which do meet the definition of being a business on acquisition, these transactions have been accounted for as asset acquisitions under IFRS 3 *Business Combinations* as the fair value of the assets is concentrated in a single group of similar assets in each deal analysed. The transactions form part of the Group's strategic priorities over both international growth and continued UK market share gains.

COMPANY BALANCE SHEET

At 29 February 2024

Company number: 04120344

	Notes	29 February 2024 £m	2 March 2023 £m
Non-current assets			
Investment in subsidiaries	3	2,472.8	2,457.0
Other receivables	4	598.1	731.8
Total non-current assets		**3,070.9**	**3,188.8**
Current assets			
Other receivables	4	350.0	450.0
Total assets		**3,420.9**	**3,638.8**
Current liabilities			
Other payables	5	(12.4)	(13.2)
Other financial liabilities		(12.3)	—
Total liabilities		**(24.7)**	**(13.2)**
Net assets		**3,396.2**	**3,625.6**
Equity			
Share capital	6	151.8	164.9
Share premium	7	1,031.8	1,026.6
Capital redemption reserve	7	63.5	50.2
Retained earnings	7	2,687.2	2,928.4
Treasury reserve	7	(538.1)	(544.5)
Total equity		**3,396.2**	**3,625.6**

The profit and loss account of the parent company is omitted from the Company's accounts by virtue of the exemption granted by section 408 of the Companies Act 2006. The profit generated in the year for ordinary shareholders, and included in the financial statements of the parent company, amounted to £517.5m (2022/23: £29.6m).

Dominic Paul
Chief Executive
29 April 2024

Hemant Patel
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 29 February 2024

	Share capital (Note 6) £m	Share premium (Note 7) £m	Capital redemption reserve (Note 7) £m	Retained earnings (Note 7) £m	Treasury reserve (Note 7) £m	Total £m
At 3 March 2022	164.8	1,024.7	50.2	3,004.5	(517.1)	3,727.1
Profit for the year	—	—	—	29.6	—	29.6
Total comprehensive income	**—**	**—**	**—**	**29.6**	**—**	**29.6**
Ordinary shares issued on exercise of employee share options	0.1	1.9	—	—	—	2.0
Loss on ESOT shares issued	—	—	—	(4.3)	4.3	—
Accrued share-based payments	—	—	—	17.7	—	17.7
Dividends paid	—	—	—	(119.1)	—	(119.1)
Purchase of ESOT shares	—	—	—	—	(31.7)	(31.7)
At 2 March 2023	**164.9**	**1,026.6**	**50.2**	**2,928.4**	**(544.5)**	**3,625.6**
Profit for the year	—	—	—	517.5	—	517.5
Total comprehensive income	**—**	**—**	**—**	**517.5**	**—**	**517.5**
Ordinary shares issued on exercise of employee share options	0.2	5.2	—	—	—	5.4
Loss on ESOT shares issued	—	—	—	(6.4)	6.4	—
Accrued share-based payments	—	—	—	15.8	—	15.8
Dividends paid	—	—	—	(164.7)	—	(164.7)
Share buyback, commitment and cancellation	(13.3)	—	13.3	(603.4)	—	(603.4)
At 29 February 2024	**151.8**	**1,031.8**	**63.5**	**2,687.2**	**(538.1)**	**3,396.2**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

At 29 February 2024

1. Basis of accounting

The financial statements of Whitbread PLC for the year ended 29 February 2024 were authorised for issue by the Board of directors on 29 April 2024. The financial year represents the 52 weeks to 29 February 2024 (prior financial year: 52 weeks to 2 March 2023).

The financial statements are prepared under the historical cost convention and in accordance with applicable UK Accounting Standards. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council (FRC). Accordingly, in the year ended 3 March 2016, the Company underwent transition from reporting under UK GAAP to FRS 101 'Reduced Disclosure Framework'. The financial statements are therefore prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of non-current assets and related-party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements of the Group.

Going concern

The directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis (see Note 2 to the consolidated financial statements).

2. Summary of significant accounting policies

Investments

Investments held as non-current assets are stated at cost less provision for any impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Critical accounting judgements and key sources of estimation uncertainty

In the opinion of the directors, there are no critical accounting judgements or key sources of estimation uncertainty in relation to the parent company financial statements.

3. Investment in subsidiary undertakings

Investments at cost

	2024 £m	2023 £m
Opening investments	2,457.0	2,439.3
Contributions to subsidiaries in respect of share-based payments	15.8	17.7
Closing investments	**2,472.8**	**2,457.0**

Significant trading subsidiary undertakings

	Principal activity	Country of incorporation	Country of principal operations	% of equity and votes held
Whitbread Group PLC	Hotels & Restaurants	England	England	100.0
Premier Inn Hotels Limited	Hotels	England	England	100.0

During the year a dividend was received from Whitbread Group plc of £500.0m (2022/23: £nil).

Whitbread Group PLC, in which the Company has an investment, holds 6% as a general partnership interest in Moorgate Scottish Limited Partnership (SLP) with Whitbread Pension Trustees holding the balance as a limited partner. Moorgate SLP holds a 67.8% investment in a further partnership, Farringdon Scottish Partnership (SP), which was established by the Group to hold property assets. The remaining 32.2% interest in Farringdon SP is owned by Whitbread Group PLC. The partnerships were set up in 2009/10 as part of a transaction with Whitbread Pension Trustees. Further details can be found in Note 32 of the Whitbread PLC consolidated financial statements.

Shares in Whitbread Group PLC are held directly by Whitbread PLC. Shares in the other subsidiaries are held directly or indirectly by Whitbread Group PLC or its subsidiaries. A full list of subsidiaries and related undertakings is provided in Note 9.

4. Other receivables

	2024 £m	2023 £m
Amounts due from subsidiary undertakings	948.1	1,181.8
	948.1	**1,181.8**
Analysed as:		
Current	350.0	450.0
Non-current	598.1	731.8
	948.1	**1,181.8**

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

5. Other payables

	2024 £m	2023 £m
Unclaimed dividends	6.7	6.3
Corporation tax payable	5.7	6.9
	12.4	**13.2**

6. Share capital

Ordinary share capital

Allotted, called up and fully paid ordinary shares of 76.80 pence each (2023: 76.80 pence each)

	million	£m
At 3 March 2022	214.5	164.8
Issued on exercise of employee share options	0.1	0.1
At 2 March 2023	**214.6**	**164.9**
Issued on exercise of employee share options	0.2	0.2
Share buyback, commitment and cancellation	(17.3)	(13.3)
At 29 February 2024	**197.5**	**151.8**

Employee share options

During the year, options over 0.2m (2022/23: 0.1m) ordinary shares, fully paid, were exercised by employees under the terms of various share option schemes. The Company received proceeds of £5.4m (2022/23: £2.0m) on exercise of these options.

Share buyback, commitment and cancellation

The Company purchased and cancelled 17.3m shares with a nominal value of £13.3m under the share buyback programmes running through the financial year. Consideration of £591.1m, including associated fees and stamp duty of £3.4m, was paid during the period. The buyback represents an irrevocable commitment and therefore the liability to purchase the remaining shares of £12.3m is recorded as a liability on the consolidated balance sheet. The final payment to shareholders under the October 2023 announced share buyback programme was made on 4 March 2024.

Preference share capital

Allotted, called up and fully paid shares of 1 pence each (2023: 1 pence each)

	B shares		C shares	
	million	£m	million	£m
At 3 March 2022, 2 March 2023, 29 February 2024	**2.0**	**—**	**1.9**	**—**

7. Reserves

Share premium

The share premium reserve is the premium paid on the Company's 76.80 pence ordinary shares.

Capital redemption reserve

A capital redemption reserve was created on the cancellation of the Company's B and C preference shares and also includes the nominal value of cancelled ordinary shares.

Retained earnings

Retained earnings are the net earnings not paid out as dividends, but retained to be reinvested.

Treasury reserve

This reserve relates to shares held by an independently managed employee share ownership trust (ESOT) and treasury shares held by Whitbread PLC. The shares held by the ESOT were purchased in order to satisfy outstanding employee share options and potential awards under the Long Term Incentive Plan (LTIP) and other incentive schemes.

The movement in treasury reserves during the year is set out in the table below:

	Treasury shares held by Whitbread PLC		ESOT shares held	
	million	£m	million	£m
At 3 March 2022	12.5	514.5	0.2	2.6
Purchase of own shares for ESOT	—	—	1.2	31.7
Exercised during the year	—	—	(0.2)	(4.3)
At 2 March 2023	**12.5**	**514.5**	**1.2**	**30.0**
Exercised during the year	—	—	(0.3)	(6.4)
At 29 February 2024	**12.5**	**514.5**	**0.9**	**23.6**

Distributable reserves

As at 29 February 2024, Whitbread PLC had distributable reserves of £1,932.6m (2023: £2,183.0m).

8. Contingent liabilities

Whitbread PLC is a member of the Whitbread Group PLC VAT group. All members are jointly and severally liable for the VAT liability. At the balance sheet date that VAT Group's liability amounted to £42.7m (2023: £25.3m).

9. Related parties

Details of related undertakings are shown below:

Active related undertakings

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
AIRE HIEX Stuttgart Verwaltungs GmbH	Germany	Ordinary EUR 50,000	—	100.0	100.0
Brickwoods Limited	England[1]	Ordinary £0.25	—	100.0	100.0
Duttons Brewery Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Elm Hotel Holdings Limited	England[1]	Ordinary £0.10	—	100.0	100.0
Farringdon Scottish Partnership	Scotland[2]	N/A	N/A	N/A	N/A
London Hotel Holdings Limited	England[1]	Ordinary £100.00	—	100.0	100.0
London Hotel Holdings 2 Limited	England[1]	Ordinary £100.00	—	100.0	100.0
Manchester Hotel Holdings Limited	England[1]	Ordinary £10.00	—	100.0	100.0
Milton (SC) 2 Limited	Scotland[2]	Ordinary £1.00	—	100.0	100.0
Milton (SC) Limited	Scotland[2]	Ordinary £1.00	—	100.0	100.0
Milton 1 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Moorgate Scottish Limited Partnership	Scotland[2]	N/A	N/A	N/A	N/A
PI Hotels and Restaurants Ireland Limited	Ireland[3]	Ordinary EUR 1	—	100.0	100.0
Premier Inn (Bath Street) Limited	Jersey[5]	Ordinary £1.00	—	100.0	100.0
Premier Inn (Guernsey) Limited	Guernsey[16]	Ordinary £1.00	—	100.0	100.0
Premier Inn (Isle of Man) Limited	Isle of Man[4]	Ordinary £1.00	—	100.0	100.0
Premier Inn (Jersey) Limited	Jersey[5]	Ordinary £1.00	—	100.0	100.0
Premier Inn (UK) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn AT Holding GmbH	Austria[18]	Ordinary EUR 35,000	—	100.0	100.0
Premier Inn AT Hotelbetriebsgesellschaft GmbH	Austria[18]	Ordinary EUR 35,000	—	100.0	100.0
Premier Inn AT Immobilienbesitz GmbH	Austria[18]	Ordinary EUR 35,000	—	100.0	100.0
Premier Inn Dortmund Königswall GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Essen City Hauptbahnhof GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Flensburg City GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Frankfurt City Ostbahnhof GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Frankfurt Eschborn GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Glasgow Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Hamburg Nordanalstrasse GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Holding GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

9. Related parties continued

Active related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Premier Inn Hotel GmbH	Germany[8]	There are no classes of shares. The total nominal share capital amounts to EUR 300,000 and is divided into two shares, one in the nominal amount of EUR 275,000 and one in the nominal amount of EUR 25,000	—	100.0	100.0
Premier Inn Hotels Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Hotels LLC	United Arab Emirates[6]	Ordinary AED 1,000	—	49.0	49.0
Premier Inn Hotels Qatar	Qatar[7]	Ordinary QAR 100.00	—	24.0	24.0
Premier Inn Immo 19 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 20 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 21 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 22 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 23 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 24 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Immo 25 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn International Development Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Manchester Airport Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Manchester Trafford Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Mannheim Quadrate T1 GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn München Frankfurter Ring GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Ochre Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Rostock City Hafen GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Verwaltungsgesellschaft Süd GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Premier Inn Westminster Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Travel Inn India Limited	England[1]	Ordinary £1.00	—	100.0	100.0
PT. Whitbread Indonesia	Indonesia[10]	Ordinary USD 1.00	—	100.0	100.0
PTI Middle East Limited	United Arab Emirates[11]	Ordinary AED 1,000	—	100.0	100.0
Quay House Admirals Way Land Ltd	England[1]	Ordinary £1.00	—	100.0	100.0
Silk Street Hotels Limited	England[1]	Deferred £1.00	—	100.0	99.1
		Ordinary USD 0.01		100.0	100.0
St Andrews Homes Limited	England[1]	Ordinary £1.00	—	100.0	99.9

9. Related parties continued

Active related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Swift Hotels Limited	England[1]	Ordinary £1.00	—	100.0	0.1
		Preference £5.00		100.0	99.9
T.F. Ashe & Nephew Limited	England[1]	Deferred £1.00	—	100.0	0.1
		Ordinary £0.01		100.0	100.0
UNA 312. Equity Management GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
UNA 352. Equity Management GmbH	Germany[8]	Ordinary EUR 25,000	—	100.0	100.0
Whitbread Asia Pacific Private Limited	Singapore[12]	Ordinary SGD 1.00	—	100.0	100.0
Whitbread East Pennines Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Group PLC	England[1]	Ordinary £0.23	100	—	50.0
		A Ordinary £0.25	100	—	50.0
Whitbread Hotel Company Limited	England[1]	Ordinary £0.10	—	100.0	100.0
Whitbread International Sourcing Business Services (Shanghai) Co., Ltd	China[9]	Ordinary RMB 1.00	—	100.0	100.0
Whitbread Properties Limited	England[1]	5% non-cumulative preference £0.50	—	100.0	24.9
		7% non-cumulative preference £0.25		100.0	24.9
		Ordinary £0.175		100.0	58.7
Whitbread West Pennines Limited	England[1]	Ordinary £1.00	—	100.0	24.9
WHRI Development DMCC	United Arab Emirates[13]	Ordinary AED 1,000	—	100.0	24.9
WHRI Holding Company Limited	England[1]	Ordinary £1.00	—	100.0	24.9

Dormant related undertakings

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Advisebegin Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Alastair Campbell & Company Limited	Scotland[15]	Ordinary £1.00	—	100.0	100.0
Archibald Campbell Hope & King Limited	Scotland[15]	Ordinary £1.00	—	100.0	100.0
Autumn Days Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Belgrave Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Belstead Brook Manor Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Brewers Fayre Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Britannia Inns Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Broughton Park Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Carpenters of Widnes Limited	England[1]	Ordinary £1.00	—	100.0	100.0
		Deferred ordinary £1.00	—	100.0	100.0
Cherwell Inns Limited	England[1]	A Ordinary non-voting £1.00	—	100.0	66.7
		Ordinary £1.00	—	100.0	33.3
Chiswell Overseas Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Chiswell Properties Limited	England[1]	Ordinary £1.00	—	100.0	100.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Churchgate Manor Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Country Club Hotels Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Cromwell Hotel (Stevenage)	England[1]	Ordinary £1.00	—	100.0	100.0
Cymric Hotel Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Danesk Limited	Scotland[14]	Ordinary £1.00	—	100.0	100.0
David Williams (Builth) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Dealend Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Delamont Freres Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Delaunay Freres Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Dome Restaurants Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Dragon Inns and Restaurants Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Dukes Head 1988 Limited	England[1]	B Ordinary £1.00	—	100.0	100.0
		W Ordinary £1.00	—	100.0	100.0
E. Lacon & Co., Limited	England[1]	Ordinary £1.00	—	100.0	100.0
E.B. Holdings Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Evan Evans Bevan Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Finite Hotel Systems Limited	England[1]	A Ordinary £1.00	—	100.0	50.0
		B Ordinary £1.00	—	100.0	50.0
Fleet Wines & Spirits Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Forest of Arden Golf and Country Club Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Gable Care Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Goodhews (Castle)	England[1]	A Ordinary £1.00	—	100.0	51.0
		Ordinary £1.00	—	100.0	49.0
Goodhews (Holdings) Limited	England[1]	A ordinary £1.00	—	100.0	42.2
		B ordinary £1.00	—	100.0	42.2
		C ordinary £1.00	—	100.0	15.6
Goodhews (Inns)	England[1]	Ordinary £1.00	—	100.0	100.0
Goodhews (Restaurants)	England[1]	Ordinary £1.00	—	100.0	100.0
Goodhews B. & S. Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Goodhews Enterprises	England[1]	Ordinary £1.00	—	100.0	100.0
Goodhews Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Gough Brothers Limited	England[1]	Deferred ordinary £0.20	—	100.0	97.6
		Ordinary £1.00	—	100.0	2.4
Grosvenor Leisure Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Hammock Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Hart & Co., (Boats) Limited	England[1]	1% non-cumulative preference £1.00	—	100.0	99.0
		Ordinary £1.00	—	100.0	1.0
		1% non-cumulative preference £0.01	—	100.0	—

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Harveys Leisure Promotions Limited	England[1]	A ordinary £1.00	—	100.0	100.0
		B ordinary £1.00	—	100.0	100.0
Hunter & Oliver Limited	England[1]	Ordinary £1.00	—	100.0	100.0
J. Burton (Warwick) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
J. J. Norman and Ellery Limited	England[1]	Ordinary £1.00	—	100.0	100.0
James Bell and Company Limited	England[1]	Deferred ordinary £0.25	—	100.0	96.2
		Ordinary 0.01	—	100.0	3.8
Jestbread Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Kingsmills Hotel Company Limited	Scotland[17]	Ordinary £1.00	—	100.0	100.0
Lambtons Ale Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Latewise Limited	England[1]	Ordinary £1.00	—	53.4	53.4
Lawnpark Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Leisure and Retail Resources Limited	England[1]	Ordinary £1.00	—	99.6	99.6
Lloyds Avenue Catering Limited	England[1]	3% non-cumulative preference £1.00	—	100.0	50.0
		Ordinary £1.00	—	100.0	50.0
London International Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Lorimer & Clark, Limited	Scotland[15]	Ordinary £1.00	—	100.0	100.0
Mackeson & Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Mackies Wine Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Maredrove Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Marine Hotel Porthcawl Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Marlow Catering Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Meon Valley Golf and Country Club Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Milton 2 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Morans of Bristol Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Morris's Wine Stores Limited	England[1]	Ordinary £1.00	—	100.0	5.4
		5.6% non-cumulative preference £1.00	—	100.0	
New Clapton Stadium Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Norseman Lager Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Pacific Caledonian Properties Limited	Scotland[14]	Ordinary £1.00	—	100.0	100.0
Percheron Properties Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Peter Dominic Limited	England[1]	Ordinary £1.00	—	100.0	100.0
PI Hotels York Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Piquant Caterers Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Pizzaland Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Kier Limited	England	A ordinary £1.00	—	—	—
		B ordinary £1.00	—	100.0	100.0
Premier Inn Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Premier Inn Troon Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Priory Leisure Limited	England[1]	Ordinary £1.00	—	100.0	100.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
R.C. Gough and Co. Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Raybain (Northern) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Raybain (Wine Bars) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Respotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Rhymney Breweries Limited	England[1]	Ordinary £1.00	—	100.0	100.0
S & S Property Limited	England[1]	Ordinary £1.00	—	100.0	100.0
S.H. Ward & Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Salford Automatics Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Scorechance 1 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Scorechance 12 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Scorechance 17 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Scorechance 25 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Scorechance 8 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Sheffield Automatics Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Shewell Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Silk Street Hotel Liverpool Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Small & Co. (Engineering) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Small & Co. Limited	England[1]	7% cumulative preference £1.00	—	100.0	0.7
		Ordinary £1.00	—	100.0	99.3
Spring Soft Drinks Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Sprowston Manor Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Square October 1 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Square October 2 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Square October 3 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
St Andrews Homes (1995) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
St Martins Care Homes Investments Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Stoneshell Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Stripe Travel Inn Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Strong and Co. of Romsey Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Summerfields Care Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Sun Taverns Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Sweetings (Chop House) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swift (Lurchrise) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swift Hotels (1995) Limited	England	Ordinary £1.00	—	100.0	100.0
Swift Hotels (Management) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swift Inns and Restaurants Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swift Profit Sharing Scheme Trustees Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swift Quest Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Swingbridge Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Tewkesbury Park Golf and Country Club Limited	England[1]	Ordinary £1.00	—	100.0	100.0

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
The Barcave Group Limited	England[1]	7% cumulative preference £1.00	—	100.0	90.9
		Ordinary £1.00	—	100.0	9.1
The Dominic Group Limited	England[1]	Ordinary £1.00	—	100.0	100.0
The Four Seasons Hotel Investments Limited	England[1]	8% cumulative preference A £1.00	—	100.0	33.0
		8% cumulative preference B £1.00	—	100.0	28.1
		Ordinary £1.00	—	100.0	30.2
		Preferred ordinary £1.00	—	100.0	8.8
The Four Seasons Hotel Investments Management Limited	England[1]	Ordinary £1.00	—	100.0	100.0
The Four Seasons Hotel Limited	England[1]	Ordinary £1.00	—	100.0	100.0
The Oyster Spa Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
The Portsmouth and Brighton United Breweries, Limited	England[1]	Ordinary £0.25	—	100.0	100.0
Thomas Wethered & Sons Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Threlfalls (Liverpool & Birkenhead) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Threlfalls (Salford) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Trentrise Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Uncle Sam's Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Virlat Limited	England[1]	Ordinary £1.00	—	100.0	100.0

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
W. M. Darley, Limited	England[1]	Ordinary £1.00	—	100.0	49.8
		Preference £1.00	—	100.0	49.8
		Preferred ordinary £0.01	—	100.0	0.4
W. R. Wines Limited	England[1]	Deferred £1.00	—	100.0	99.0
		Ordinary £0.01	—	100.0	1.0
West Country Breweries Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Wentworth Guarantee Company Limited	England[1]	N/A	N/A	N/A	N/A
Wheeler Gate Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread (Condor) Holdings Limited	England[1]	Ordinary £0.0001	—	100.0	100.0
Whitbread (G.C.) Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Company Two Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Developments Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Devon Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Directors 1 Limited	England[1]	Ordinary £0.05	—	100.0	100.0
Whitbread Directors 2 Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Dunstable Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Enterprise Centre Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Finance PLC	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Fremlins Limited	England[1]	Ordinary £1.00	—	100.0	100.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

At 29 February 2024

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Whitbread Golf and Country Club Limited	England[1]	5% non-cumulative preference £1.00	—	100.0	45.0
		A ordinary £1.00	—	100.0	55.0
Whitbread Golf Club Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Guarantee Company Two Limited	England[1]	N/A	N/A	N/A	N/A
Whitbread Healthcare Trustees Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Hotel (Bournemouth) Limited	England[1]	Ordinary £0.05	—	100.0	100.0
Whitbread Hotels (Management) Limited	England[1]	Deferred £1.00	—	100.0	100.0
		USD 0.01	—	100.0	—
Whitbread International Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread International Trading Limited	England[1]	Ordinary £0.25	—	100.0	100.0
Whitbread Investment Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Investment Company Securities Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread London Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Nominees Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Pension Trustee Directors Company Limited	England[1]	N/A	N/A	N/A	N/A
Whitbread Pension Trustees	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Pub and Bars Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Pub Partnership Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Pub Restaurants Business Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Quest Trustee Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Restaurants (Australia) Limited	Australia	Ordinary £1.00	—	100.0	—
		Ordinary £0.56	—	100.0	100.0
Whitbread Restaurants Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Scotland Limited	Scotland[14]	Ordinary £1.00	—	100.0	100.0
Whitbread Secretaries Limited	England[1]	Ordinary £0.05	—	100.0	50.0
		4% preference £0.05	—	100.0	50.0
Whitbread Share Ownership Trustees Limited	England[1]	N/A	N/A	N/A	N/A
Whitbread Spa Company Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Sunderland (1995) Limited	England[1]	Ordinary £1.00	—	100.0	100.0

9. Related parties continued

Dormant related undertakings continued

Company name	Country of incorporation	Class of shares held	% of class of shares held by the parent company	% of class shares held by the Group (if different from the parent company)	% of nominal value (where applicable)
Whitbread Sunderland 2 Limited	England[1]	Ordinary £1.00	—	100.0	57.0
		5.6% non-cumulative preference £1.00	—	100.0	43.0
Whitbread Sunderland Limited	England[1]	Ordinary £5.00	—	100.0	50.0
		Preference £5.00	—	100.0	50.0
Whitbread Trafalgar Properties Limited	England[1]	A ordinary £1.00	—	100.0	50.0
		B ordinary £1.00	—	100.0	50.0
Whitbread UK Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Wales Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Whitbread Wessex Limited	England[1]	Ordinary £1.00	—	100.0	100.0
White Cross Films Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Wiggin Tree Limited	England[1]	Ordinary £1.00	—	100.0	100.0
Willhouse Limited	England[1]	Deferred £1.00	—	100.0	50.0
		Q ordinary £1.00	—	100.0	25.0
		W ordinary £1.00	—	100.0	25.0
William Overy Crane Hire Limited	England[1]	Ordinary £1.00	—	100.0	100.0

The registered office of the above companies is as follows:

1 Whitbread Court, Houghton Hall Business Park, Porz Avenue, Dunstable, Beds, LU5 5XE.
2 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.
3 Ground Floor, Two Dockland Central, Guild St, North Dock, Dublin, Ireland D01 K2C5.
4 2nd Floor, St Mary's Court, 20 Hill Street, Douglas, IM1 1EU, Isle of Man.
5 4th Floor, St Paul's Gate, 22-24 New Street, St Helier, JE1 4TR, Jersey.
6 Ground Floor, Premier Inn Dubai Investment Park, P.O. Box 35118, Dubai, United Arab Emirates.
7 3rd Floor, Tornado Towers, PO Box 34040, Doha, Qatar.
8 Europa-Allee 22, 60327 Frankfurt am Main, Germany.
9 Room 742, 968 West Beijing Road, Jing'an District, Shanghai, China.
10 Gandaria 8 Office Tower, 19th Floor Unit A1, Jalan Sultan Iskandarmuda, Kebayoran Lama, 12240, Indonesia.
11 TMF Services B.V., Nassima Tower, Office 1401, Sheikh Zayed Road, PO Box 213975, Dubai, United Arab Emirates.
12 c/o EY Corporate Advisers Pte Ltd, One Raffles Quay, North Tower, 48583, Singapore.
13 Almas 6C, Almas Tower, Jumeirah Lake Towers, Dubai, United Arab Emirates.
14 4th Floor, 115 George Street, Edinburgh, EH2 4JN, Scotland.
15 The Royal Scot Hotel, 111 Glasgow Road, Edinburgh, EH12 8NF, Scotland.
16 11 New St, Guernsey GY1 3EG, Guernsey.
17 Swallow Royal Scot Hotel, Glasgow Road, Edinburgh, EN12 8NF, Scotland.
18 Hegelgasse 13, 1010 Wien, Austria.

GLOSSARY

Adjusted property rent
Property rent less a proportion of contingent rent. Property rent is defined as IFRS 16 property lease interest and depreciation plus variable lease payments, adjusted for deferred rental amounts. This is used as a proxy for rent expense as recorded under IAS 17.

Basic earnings per share (basic EPS)
Profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed share ownership trust (ESOT).

Committed pipeline
Sites where the Group has a legal interest in a property (that may be subject to planning/other conditions) with the intention of opening a hotel in the future.

Direct bookings/distribution
Based on stayed bookings in the financial year made direct to the Premier Inn website, Premier Inn app, Premier Inn customer contact centre or hotel front desks.

Food and beverage (F&B) sales
Food and beverage revenue from all Whitbread owned restaurants and integrated hotel restaurants.

GOSH Charity
Great Ormond Street Hospital Children's Charity.

IFRS
International Financial Reporting Standards.

Lease debt
Eight times adjusted property rent.

Occupancy
Number of hotel bedrooms occupied by guests expressed as a percentage of the number of bedrooms available in the period.

Operating profit
Profit before net finance costs and tax.

OTAs
Online travel agents.

Rent expense
Rental costs recognised in the income statement prior to the adoption of IFRS 16.

Team retention
The number of permanent new starters that we retain for the first 90 days/three months.

Trading site
A joint hotel and restaurant or a standalone hotel or a standalone restaurant.

WINcard
Whitbread In Numbers – balanced scorecard to measure progress against key performance targets.

YourSay
Whitbread's annual employee opinion survey to provide insight into the views of employees.

ALTERNATIVE PERFORMANCE MEASURES

We use a range of measures to monitor the financial performance of the Group. These measures include both statutory measures in accordance with IFRS and alternative performance measures (APMs) which are consistent with the way that the business performance is measured internally.

APMs are not defined by IFRS and therefore may not be directly comparable with similarly titled measures reported by other companies. APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measures.

The APM titled cohort of established German hotels adjusted profit before tax is no longer reported as the Group does not see this as a useful APM going forwards. The nature of a maturity profile is such that the cohorts will evolve over time in comparison to the fixed nature of an APM meaning that there is not a consistent basis on which to report. The APM titled funds from operations is no longer reported as the Group's credit rating agency no longer utilises this measure in calculating leverage. The APM titled three-year UK like-for-like revenue growth is no longer reported as the Group's comparative period no longer contains the impact of the COVID-19 pandemic.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
REVENUE MEASURES			
Accommodation sales	Revenue	Exclude non-room revenue such as food and beverage	Premier Inn accommodation revenue excluding non-room income such as food and beverage. The growth in accommodation sales on a year-on-year basis is a good indicator of the performance of the business. Reconciliation: Note 3
Average room rate (ARR)	No direct equivalent	Refer to definition	Accommodation sales divided by the number of rooms occupied by guests. The directors consider this to be a useful measure as this is a commonly used industry metric which facilitates comparison between companies.

RECONCILIATION	2023/24	2022/23
UK accommodation sales (£m)	2,007.7	1,795.0
Number of rooms occupied by guests ('000)	25,173	24,984
UK AVERAGE ROOM RATE (£)	**79.76**	**71.84**
Germany accommodation sales (£m)	162.7	100.1
Number of rooms occupied by guests ('000)	2,263	1,606
GERMANY AVERAGE ROOM RATE (£)	**71.88**	**62.36**

UK like-for-like revenue growth	Movement in accommodation sales per the segment information (Note 3)	Accommodation sales from non like-for-like	Year-over-year change in revenue for outlets open for at least one year. The directors consider this to be a useful measure as it is a commonly used performance metric and provides an indication of underlying revenue trends.

RECONCILIATION	2023/24	2022/23
UK like-for-like revenue growth	10.0%	50.0%
Contribution from net new hotels	1.9%	5.0%
UK ACCOMMODATION SALES GROWTH	**11.9%**	**55.0%**

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
REVENUE MEASURES CONTINUED			
Revenue per available room (RevPAR)	No direct equivalent	Refer to definition	Revenue per available room is also known as 'yield'. This hotel measure is achieved by dividing accommodation sales by the number of rooms available. The directors consider this to be a useful measure as it is a commonly used performance measure in the hotel industry.

RECONCILIATION	2023/24	2022/23
UK accommodation sales (£m)	2,007	1,795.0
Available rooms ('000)	30,624	30,193
UK REVPAR (£)	**65.56**	**59.45**
Germany accommodation sales (£m)	162.7	100.1
Available rooms ('000)	3,660	2,703
GERMANY REVPAR (£)	**44.44**	**37.04**

INCOME STATEMENT MEASURES			
Adjusted[1] operating profit/loss	Profit/loss before tax	Adjusting items (Note 6), finance income/costs (Note 8)	Profit/loss before tax, finance costs/income and adjusting items. Reconciliation: Consolidated income statement.
Adjusted[1] tax	Tax charge/credit	Adjusting items (Note 6)	Tax charge/credit before adjusting items. Reconciliation: Consolidated income statement.
Adjusted[1] profit/loss before tax	Profit/loss before tax	Adjusting items (Note 6)	Profit/loss before tax and adjusting items. Reconciliation: Consolidated income statement.
Adjusted[1] basic EPS	Basic EPS	Adjusting items (Note 6)	Adjusted profit attributable to the parent shareholders divided by the basic weighted average number of ordinary shares in issue during the year after deducting treasury shares and shares held by an independently managed share ownership trust (ESOT). Reconciliation: Note 10.
Profit/PBT margin	No direct equivalent	Refer to definition	Segmental adjusted profit before tax divided by segmental adjusted revenue, to demonstrate profitability margins of the segmental operations. Reconciliation: Strategic Report.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
BALANCE SHEET MEASURES			
Net cash/debt	Total liabilities from financing activities	Exclude lease liabilities, other financial liabilities and derivatives held to hedge financing activities	Cash and cash equivalents after deducting total borrowings. The directors consider this to be a useful measure of the financing position of the Group. Reconciliation: Note 21.
Adjusted net cash/debt	Total liabilities from financing activities	Exclude lease liabilities, other financial liabilities and derivatives held to hedge financing activities, adjusted for cash assumed by ratings agencies to not be readily available	Net cash/debt adjusted for cash, assumed by ratings agencies to not be readily available, and excluding unamortised debt related fees. The measure has been amended in the year to exclude unamortised debt related fees. The directors consider this to be a useful measure as it is aligned with the method used by ratings agencies to assess the financing position of the Group.

RECONCILIATION	2023/24 £m	2022/23 £m
Net debt/(cash)	298.2	(171.4)
Less: unamortised debt costs	5.1	6.6
Restricted cash adjustment	10.0	10.0
ADJUSTED NET DEBT/(CASH)	**313.3**	**(154.8)**

Unamortised debt costs of £5.1m (including arrangement fees of £2.1m) are included within the carrying value of borrowings.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Lease-adjusted net debt/cash	Cash and cash equivalents less total liabilities from financing activities	Exclude lease liabilities and derivatives held to hedge financing activities. Includes an adjustment for cash assumed by ratings agencies to not be readily available	In line with methodology used by credit rating agencies, lease-adjusted net debt includes lease debt which is calculated as 8x adjusted property rent. The directors consider this to be a useful measure as it forms the basis of the Group's leverage targets.

RECONCILIATION	2023/24 £m	2022/23 £m
Adjusted net debt/(cash)	313.3	(154.8)
Lease debt	2,733.6	2,452.8
LEASE-ADJUSTED NET DEBT	**3,046.9**	**2,298.0**

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Net debt/cash and lease liabilities	Cash and cash equivalents less total liabilities from financing activities	Refer to definition	Net debt/cash plus lease liabilities. The directors consider this to be a useful measure of the financing position of the Group.

RECONCILIATION	2023/24 £m	2022/23 £m
Net debt/(cash)	298.2	(171.4)
Lease liabilities	4,098.4	3,958.4
NET DEBT/(CASH) AND LEASE LIABILITIES	**4,396.6**	**3,787.0**

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
CASH FLOW MEASURES			
Lease-adjusted net debt to adjusted EBITDAR for leverage	No direct equivalent	Refer to definition	This measure is a ratio of lease-adjusted net debt compared against the Group's adjusted EBITDAR. The directors use this to monitor the leverage position of the Group. This measure may not be directly comparable with similarly titled measures utilised by credit rating agencies, however on a normalised basis these measures would be expected to move proportionally in the same direction.

RECONCILIATION	2023/24 £m	2022/23 £m
Lease-adjusted net debt	3,046.9	2,298.0
Adjusted EBITDAR	1,057.1	888.0
LEASE-ADJUSTED NET DEBT TO ADJUSTED EBITDAR FOR LEVERAGE	**2.9x**	**2.6x**

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Adjusted[1] operating cash flow	Cash generated from operations	Refer to definition	Adjusted operating profit/loss adding back depreciation and amortisation and after IFRS 16 interest and lease repayments and working capital movement. The directors consider this a useful measure as it is a good indicator of the cash generated which is used to fund future growth and shareholder returns, tax, pension and interest payments.

RECONCILIATION	2023/24 £m	2022/23 £m
Adjusted operating profit	674.2	543.5
Depreciation – right-of-use assets	183.3	165.8
Depreciation – property, plant and equipment	176.9	163.2
Amortisation	23.2	16.5
ADJUSTED EBITDA (POST-IFRS 16)	**1,057.6**	**889.0**
Interest paid – lease liabilities	(154.9)	(138.7)
Payment of principal of lease liabilities	(147.1)	(133.9)
Net lease incentives received	(2.7)	3.5
Movement in working capital	34.3	98.9
ADJUSTED OPERATING CASH FLOW	**787.2**	**718.8**

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Cash capital expenditure (cash capex)	No direct equivalent	Refer to definition	Cash flows on property, plant and equipment and investment property and investment in intangible assets, payments of deferred and contingent consideration, and capital contributions or loans to joint ventures.

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
OTHER MEASURES			
Adjusted[1] EBITDA (post-IFRS 16), Adjusted[1] EBITDA (pre-IFRS 16) and Adjusted[1] EBITDAR	Operating profit	Refer to definition	Adjusted EBITDA (post-IFRS 16) is profit before tax, adjusting items, interest, depreciation and amortisation. Adjusted EBITDA (pre-IFRS 16) is further adjusted to remove rent expense. Adjusted EBITDAR is profit before tax, adjusting items, interest, depreciation, amortisation, variable lease payments and rental income. The directors consider this measure to be useful as it is a commonly used industry metric which facilitate comparison between companies. The Group's RCF covenants include measures based on Adjusted EBITDA (pre-IFRS 16).

RECONCILIATION	2023/24 £m	2022/23 £m
Adjusted operating profit	674.2	543.5
Depreciation – right-of-use assets	183.3	165.8
Depreciation – property, plant and equipment	176.9	163.2
Amortisation	23.2	16.5
ADJUSTED EBITDA (POST-IFRS 16)	**1,057.6**	**889.0**
Variable lease payments	3.5	2.1
Rental income	(4.0)	(3.1)
ADJUSTED EBITDAR	**1,057.1**	**888.0**
Rent expense, variable lease payments and rental income	(293.6)	(269.9)
ADJUSTED EBITDA (PRE-IFRS 16)	**763.5**	**618.1**

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
OTHER MEASURES CONTINUED			
Return on Capital Employed (ROCE)	No direct equivalent	Refer to definition	Adjusted operating profit/loss (pre-IFRS 16) for the year divided by net assets at the balance sheet date, adding back net debt/(cash), right-of-use assets, lease liabilities, taxation assets/liabilities, the pension surplus/deficit and derivative financial assets/liabilities, other financial liabilities and IFRS 16 working capital adjustments. The directors consider this to be a useful measure as it expresses the underlying operating efficiency of the Group and is used as the basis for remuneration targets.

	2023/24	
RECONCILIATION	**Total £m**	**UK & Ireland £m**
Adjusted operating profit	674.2	
Depreciation – right-of-use assets	183.3	
Rent expense	(294.1)	
ADJUSTED OPERATING PROFIT PRE-IFRS 16	**563.4**	**583.8**
Net assets	3,519.4	
Net debt	298.2	
Current tax liabilities	10.2	
Deferred tax liabilities	181.1	
Pension surplus	(165.2)	
Derivative financial assets	(3.8)	
Derivative financial liabilities	15.9	
Lease liabilities	4,098.4	
Right-of-use assets	(3,597.0)	
Other financial liabilities	12.3	
IAS 17 rent adjustments	(65.0)	
ADJUSTED NET ASSETS	**4,304.5**	**3,755.9**
RETURN ON CAPITAL EMPLOYED	**13.1%**	**15.5%**

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose

OTHER MEASURES CONTINUED

Return on Capital Employed (ROCE) continued

RECONCILIATION	2022/23 Total £m	2022/23 UK & Ireland £m
Adjusted operating profit	543.5	
Depreciation – right-of-use assets	165.8	
Rent expense	(270.9)	
ADJUSTED OPERATING PROFIT PRE-IFRS 16	**438.4**	**477.6**
Net assets	4,111.4	
Net cash	(171.4)	
Current tax liabilities	4.6	
Deferred tax liabilities	158.2	
Pension surplus	(324.7)	
Derivative financial liabilities	7.8	
Lease liabilities	3,958.4	
Right-of-use assets	(3,504.6)	
IAS 17 rent adjustments	(65.0)	
ADJUSTED NET ASSETS	**4,174.7**	**3,694.8**
RETURN ON CAPITAL EMPLOYED	**10.5%**	**12.9%**

1 Adjusted measures of profitability represent the equivalent IFRS measures adjusted for specific items that we consider relevant for comparison of the Group's business either from one period to another or with similar businesses. We report adjusted measures because we believe they provide both management and investors with useful additional information about the financial performance of the Group's businesses.

SHAREHOLDER SERVICES

Useful contacts

Registrars

Link Group
Central Square
29 Wellington Street
Leeds LS1 4DL

The website address is www.linkgroup.eu

For enquiries regarding your shareholding please telephone +44 (0)344 855 2327. Alternatively, you can email: whitbread@linkgroup.co.uk

Registered office

Whitbread PLC
Whitbread Court
Houghton Hall Business Park, Porz Avenue
Dunstable
Bedfordshire LU5 5XE

General Counsel and Company Secretary

Clare Thomas

Managing your shareholdings

You can manage your shareholdings by visiting www.whitbread-shares.com. This is a secure online site where you can:

- sign up to receive shareholder information by email;
- buy and sell shares via the Link Share Dealing Service;
- view your holding and get an indicative valuation; and
- change your personal details.

You will need to have your Investor Code to hand. This can be found on the following documentation:

- share certificate;
- dividend voucher; or
- proxy card.

Please ensure that you advise Link promptly of any change of address.

Share dealing service[1]

For Link Share Dealing Services you can telephone +44 (0)371 664 0445. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.00am and 4.30pm, Monday to Friday excluding public holidays in England and Wales.

Private shareholder

Private shareholders are shareholders who hold their shares in their own name on the Company's Register of Members. They have full voting rights and have the right to stipulate their communication preferences and bank account preferences on their own holding.

Nominee shareholder

Nominee shareholders are underlying beneficial shareholders who hold their shares through a nominee company. The name of the nominee company will appear on the Company's Register of Members. It will depend on the terms and conditions of the nominee provider as to whether underlying shareholders receive copies of the annual general meeting (AGM) documents and any other Company documents that are mailed. Dividend options may also be restricted by the nominee. If underlying shareholders wish to receive Company mailings then they have the right to request to be put on the beneficial holders' information rights register, which can be arranged via their nominee provider.

Corporate Sponsored Nominee

We worked with Link to establish the Whitbread Corporate Sponsored Nominee (CSN). We did this because we know that a number of shareholders prefer not to hold their shares in certificated form, but still wish to receive documents and benefits from the Company. This has been raised by shareholders at previous AGMs. The CSN allows shareholders to hold their Whitbread shares via a nominee, but also allows Whitbread to have direct access to the underlying register, such that we can ensure that participants receive the documents and benefits that they request.

If you would like to hold your shares in the new Whitbread CSN, please log on to www.whitbread-shares.com. If you have not registered before then you will need your Investor Code. Your Investor Code is located on your share certificate.

On the portal you will find further information in relation to the Whitbread CSN. The terms and conditions and various transfer forms that you will need to review and complete are located there. If you need any assistance with the forms or want any additional support, please e-mail custodymgt@linkgroup.co.uk outlining what you would like to do and they will email you back with the relevant instructions.

Annual General Meeting 2024

The AGM will take place at 2.30pm on Tuesday 18 June 2024 at Whitbread Court, Porz Avenue, Dunstable LU5 5XE.

Dividend diary 2024/25 (subject to confirmation)

Ex-dividend for final dividend	23 May 2024
Record date for final dividend	24 May 2024
DRIP election	14 June 2024
Payment date for final dividend	5 July 2024
Ex-dividend for interim dividend	31 October 2024
Record date for interim dividend	1 November 2024
DRIP election	15 November 2024
Payment date for interim dividend	6 December 2024

1 These details have been provided for information only and any action you take is at your own risk. If you are in any doubt about what action to take, please consult your own financial adviser. Should you not wish to use these services you could find a broker in your local area, on the internet, or enquire about share dealing at any high street bank or building society. The availability of this service should not be taken as a recommendation to deal.

Analysis of ordinary shares at 29 February 2024

Band	Number of holders	% of holders	Number of shares	% of share capital
1–100	18,396	55.98	630,702	0.32
101–200	4,924	14.98	715,941	0.36
201–500	4,940	15.03	1,589,192	0.80
501–1,000	2,248	6.84	1,571,595	0.80
1,001–2,000	1,052	3.20	1,446,685	0.73
2,001–5,000	521	1.59	1,627,311	0.82
5,001–10,000	180	0.55	1,244,805	0.63
10,001–50,000	287	0.87	6,861,247	3.47
50,001–100,000	95	0.29	6,848,123	3.47
100,001–500,000	143	0.44	32,238,269	16.33
500,001–1,000,000	35	0.11	25,114,260	12.72
1,000,001–5,000,000	35	0.11	56,407,260	28.56
5,000,001–10,000,000	4	0.01	26,862,532	13.60
10,000,001–50,000,000	3	0.01	34,313,640	17.38
TOTAL	**32,863**		**197,471,562**	

Capital gains tax

For further information on:

- the market value of shares in the Company as at 31 March 1982;
- the reduction of capital on 10 May 2001; and
- the special dividend and share consolidation in May 2005,

or if you require any further information on capital gains tax allocations, please refer to the investors' section of the Company's website: www.whitbread.co.uk.

Dividend Reinvestment Plan

To reinvest your dividend, you will need to sign up for the Dividend Reinvestment Plan (the DRIP). Terms and Conditions of the DRIP can be found at www.whitbread-shares.com or can be requested from Link Group. For enquiries regarding the DRIP please telephone +44 (0) 344 855 2327.

Dividend payments by BACS

We can pay your dividends directly to your bank or building society account using the Bankers' Automated Clearing Service (BACS). This means that your dividend will be in your account on the same day we make the payment. Your tax voucher will be posted to your home address. If you would like to use this method please ring the registrars on +44 (0)344 855 2327.

As mentioned in the Chairman's statement on page 6, we would like to provide you with advance notice that future cash dividend payments made by the Company, starting with the interim dividend, which is expected to be paid in December 2024 will only be made by electronic means. We will no longer be issuing payments by cheque.

You will need to register your bank account details to enable payment of cash dividends into your bank account. You can do this using one of the following methods:

- Via the Share Portal: www.signalshares.com. If you have not previously registered with the Share Portal, you will need your Investor Code (a unique number that can be found on shareholder correspondence, such as share certificates or dividend tax confirmations). Once registered, you will be able to register your bank account details and obtain dividend confirmations via the Share Portal. You can also register a preference to receive a notification by email that your cash dividend has been paid into your bank account.
- By calling Link Group on 0371 664 0300. If you are outside the United Kingdom please call +44 371 664 0300. Opening hours and call charges are as stated earlier in this letter.

Shareholder FAQs

Where can I find information about B and C shares?

As outlined in the original circulars, the Company made two separate purchase offers for the B and C shares. There will be no further purchase offers. The Company does have the right to convert the B and C shares to ordinary shares and this is something currently under active consideration. The B and C shares will continue to attract an annual dividend payment.

How can I find the current share price?

You can keep up to date with the current share price on the Company's website: www.whitbread.co.uk.

I have lost my share certificate, how can I get a replacement?

If you have lost your certificate please contact the Company's registrars, Link Group, on the shareholder helpline +44 (0) 344 855 2327. They will be able to assist you in arranging a replacement.

Am I entitled to shareholder benefits?

Shareholders with a holding of 64 shares or more are eligible to receive a shareholder benefits card. Those shareholders who have previously registered to receive the shareholder benefits card should automatically have received the card with the Annual Report and Accounts mailing.

Shareholders who wish to register for a card can do so by contacting Link, whose contact details are shown on page 238.

SHAREHOLDER SERVICES CONTINUED

Unsolicited mail

We are aware that some shareholders have had occasion to complain of the use, by outside organisations, of information obtained from Whitbread's share register. Whitbread, like other companies, cannot by law refuse to supply such information provided that the organisation concerned pays the appropriate statutory fee. If you are a resident in the UK and wish to stop receiving unsolicited mail then you should register with the Mailing Preference Service; you can register online: www.mpsonline.org.uk.

Shareholder warning

Share and bond scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares or bonds. Boiler rooms use increasingly sophisticated tactics to approach investors, offering to buy or sell shares in a way that will bring a huge return. But victims are often left out of pocket – sometimes losing all of their savings or even their family home. Even seasoned investors have been caught out, with the biggest individual loss recorded by the police being £6m.

Shareholders are advised to be wary of unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- make sure you get the correct name of the person or organisation;
- check that they are properly authorised by the FCA before getting involved by visiting www.fca.org.uk and contact the firm using the details on the register;
- report the matter to the FCA either by calling 0800 111 6768 or visit www.fca.org.uk/scams;
- if the calls persist, hang up; and
- REMEMBER if it sounds too good to be true, it probably is!

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme (FSCS) if things go wrong.

The FCA can be contacted by completing an online form at www.fca.org.uk/scams or you can call the FCA Consumer Helpline on 0800 111 6768 or Action Fraud 0300 123 2040 (www.actionfraud.police.uk).

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

More detailed information on this or similar activity can be found on the FCA website, www.fca.org.uk/consumers.

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www.fsc.org
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WORLD LAND TRUST™
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CBP024627

Whitbread PLC's commitment to environmental stewardship is reflected in this Annual Report, which has been printed on Revive 100 Silk, which is 100% post-consumer recycled, FSC® certified and totally chlorine free (TCF) paper. Printed in the UK by Park Communications using vegetable-based inks, with 99% of dry waste being diverted from landfill. The printer is a CarbonNeutral® company. Both the mill and the printer are certified to ISO 14001 (Environmental Management System) and ISO 9001 (Quality Management System).

Produced by
designportfolio

WHITBREAD PLC

Whitbread Court
Houghton Hall Business Park
Porz Avenue
Dunstable
Bedfordshire
LU5 5XE

www.whitbread.co.uk/investors