19 May 2021

MARSTON'S PLC
RESULTS FOR THE 26 WEEKS ENDED 3 APRIL 2021

STRONG MANAGEMENT AND DECISIVE ACTION TAKEN DURING THE PANDEMIC TO ENSURE MARSTON'S EMERGES AS A STRONGER BUSINESS WELL PLACED FOR FUTURE GROWTH

Marston's, a leading UK operator of over 1,500 pubs, today announces its Half Year results for the 26 weeks ended 3 April 2021. The period under review, which commenced on 4 October 2020, included a period of disrupted trading to the end of December, followed by a period of closure from December to April, due to the impact of COVID-19 restrictions. Throughout the duration of the pandemic, the Group's priority has been the safety and wellbeing of its employees and customers, as well as taking appropriate action to minimise cash burn and navigate the business through the extended periods of closure mandated by the UK Government and devolved administrations in response to COVID-19.

Performance reflects the significant impact of trading restrictions in place for majority of period; strong management response to second period of lockdown

- Pubs closed or restricted trading throughout the 26-week period
- Implemented learnings from first lockdown, focusing on cash preservation
- £2 million additional investment in outdoor trading areas in Autumn 2020
- Continued support for tenants through rent waivers and grant relief assistance

Robust financial position: lower debt post JV completion; strong financial headroom; financial debt reduction target unchanged

- Net cash inflow of £110 million reflecting £228 million net proceeds from the disposal of the Beer Company offsetting losses arising in the period
- Accessed Government support from furlough, business rates, VAT and tax repayment plan
- £116 million headroom on bank facility; medium term facilities extend to 2024
- Target to reduce borrowings to below £1 billion by 2025

Clear operational strategy in place: "Pubs to be Proud of"

- Guest focused strategy
- Clear satisfaction, standards and people goals
- Three core pillars: "Guest Obsessed", "Raise the Bar", "We will Grow"

Innovative acquisition of SA Brain pub operations

- Core estate of 107 high quality pubs operated on long-term arrangements; 8 freeholds to be acquired
- Proforma outlet EBITDA of £14 million; £5.5 million rent payable (2.5x cover)
- "Capital light" acquisition – minimal impact on 2021 cash flow
- Future upside potential from conversion to franchise and cost synergies
- Model for future opportunities to grow Marston's pub portfolio

Building a sustainable business

- Award-winning environmental team with clear targets for the future
- Company-owned water licence saving 50 million pints of water per annum
- Rapid car charging points installed in 100 pubs – one million miles sold to date
- Social agenda focused on wellbeing of guests, employees; community engagement

Current outlook post 2nd lockdown (April 2021)

- 710 pubs opened on 12 April in England; with a further 66 pubs opened on 26 April
- 145 pubs subsequently opened in Wales and Scotland on 26 April
- Indoor trading permitted on 17 May when all of our pubs reopened
- Well positioned to benefit from strong demand anticipated for UK staycations in H2 2021 with an encouraging level of bookings to date
- Early indications of strong customer demand: sales in LFL sites running at around 80% of pre-COVID levels; April sales sufficient to deliver break-even Group EBITDA.*
- Further lifting of restrictions on 21 June; anticipate more normalised trading in final quarter
- CMBC joint venture synergies on track to significantly exceed initial target
- Strong platform in place to return to growth and leverage the opportunities which present themselves

**Like-for-like sales are defined as sales compared to the comparable period in 2019 adjusted for timing of Easter weekend for open sites only.*

Financial Highlights

	Underlying			Total	
	2021	**2020**		**2021**	**2020**
Total revenue*	**£55.1m**	**£343.3m**		**£55.1m**	**£343.3m**
Total loss before tax*	**£(122.4)m**	**£(0.8)m**		**£(105.5)m**	**£(31.1)m**
Net (loss)/profit	**£(105.9)m**	**£7.6m**		**£199.3m**	**£(28.0)m**
(Loss)/earnings per share	**(16.7)p**	**1.2p**		**31.5p**	**(4.4)p**
Net cash flow	**£110m**	**£3m**			

**Results from continuing operations*

- The first half-year was significantly impacted by COVID-19 regulations and nationwide lockdowns, with most of our pubs having been closed for much of the period.
- The statutory net profit after tax reflects a £291 million gain on the disposal of the Brewing business into the CMBC joint venture, incorporated into the results from discontinued operations.
- The business has a strong balance sheet position. As at the balance sheet date, the Group had drawn down £164 million of a £280 million bank facility, which is in place to 2024, providing headroom of £116 million.

Commenting, Ralph Findlay, CEO said:

"Despite the challenges of the last year, the actions we have taken have ensured that Marston's has emerged a stronger and more focused business with a substantially strengthened balance sheet, a 40% stake in Carlsberg Marston's Brewing Company and a clear vision for the future. This is my last set of results as Chief Executive Officer and I am confident that the business is in an excellent position to execute its strategy and deliver a return to growth as the country recovers from the pandemic.

Whilst still early days, trading has been encouraging since we were permitted to open our doors for outdoor trading last month and it has been fantastic to have our teams back in the business, doing what they do best, and welcoming customers back into our pubs. Our recent strategic investment in additional outdoor trading areas ahead of reopening has enabled us to capitalise on the clear pent-up consumer demand for the pub. We look forward to all trading restrictions being removed next month which signals a return to some semblance of normality.

I am delighted to hand over the reins of Chief Executive Officer to Andrew Andrea later this year and am confident that both Marston's - and its talented team of people - will be in extremely able hands under his stewardship. He shares the passion I have for this very special business and brings with him invaluable experience and knowledge of both Marston's and the pub sector, having been instrumental in shaping the Group's strategy to date. Marston's has a great opportunity ahead and I look forward to seeing the Group go from strength to strength as it embarks on the next exciting stage of its development."

ENQUIRIES:

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Ralph Findlay,	Chief Executive Officer	Justine Warren	
Andrew Andrea,	Chief Financial and Corporate Development Officer	Matthew Smallwood	

GROUP OVERVIEW

Introduction

Whilst the majority of the period under review was severely disrupted by varying levels of restriction caused by COVID-19, the actions we have taken in response to the pandemic and the quality and location of our estate position us well to capture the well-publicised pent-up demand for consumers to eat, drink and stay in our pubs and lodges. Over 90% of our pubs benefit from outside trading areas and we were delighted to welcome guests back to over 700 of our pubs in England following the initial easing of restrictions on 12 April. With the further easing of restrictions allowing indoor trading on 17 May, all of our pubs are now open in England, Scotland and Wales.

Trading

The first half-year was significantly impacted by COVID-19 regulations and nationwide lockdowns, with most of our pubs having been closed for much of the period.

During this time, the Group also completed the divestment of Marston's Beer Company to form the Carlsberg Marston's Brewing Company ("CMBC"), a new joint venture with Carlsberg UK on 30 October 2020, which will be classified as an associate company for accounting purposes.

Revenue from our continuing pub operations for the period was £55.1 million, down 84% on the same period last year reflecting the disruption referenced above. The Group's pubs were closed for the majority of the period due to various trading restrictions across England, Wales and Scotland. Consequently, total Group revenue for the 26 weeks ending 3 April 2021 was £77.2 million (2020: £510.5 million).

On a continuing operations basis the total underlying operating loss was £77.8 million (2020: £47.1 million profit), which includes £20.6 million of losses being the Group's share of losses from CMBC. The total underlying loss before tax was £122.4 million (2020: £0.8 million). The basic underlying loss per share for the period was 17.0 pence per share (2020: 0.1 pence per share). On a statutory basis, the Group generated a loss before tax of £105.5 million (2020: £31.1 million), and the basic loss per share was 14.6 pence per share (2020: 3.9 pence per share).

Including discontinued operations, the total underlying operating loss was £76.4 million (2020: £57.8 million profit). The total underlying loss before tax was £121.1 million (2020: £9.4 million profit). The basic underlying loss per share for the period was 16.7 pence per share (2020: 1.2 pence earnings per share). On a statutory basis, as a consequence of the profit on disposal of the Brewing business, the Group generated a profit before tax of £185.6 million (2020: £33.2 million loss), and the basic earnings per share were 31.5 pence per share (2020: 4.4 pence loss per share).

COVID-19 – restrictions, support and actions taken

After the first lockdown in 2020, pubs were permitted to open on 4 July 2020 albeit subject to certain restrictions which materially affected our ability to trade at normal levels of profitability, but which were practical at that time in the context of the wider objective to control the spread of COVID-19.

Our experience of minimal infection rates in the summer of 2020 was consistent with others in the sector. Nevertheless, from the end of September an array of additional restrictions and lockdowns were introduced which meant that pubs have been closed or have only been able to open at minimal levels of trade for the last six months. These restrictions and lockdowns were introduced at different times and with different rules in England, Scotland and Wales, and with a bewildering level of complexity.

In the first half-year we took decisive action in continuing to prioritise cash preservation across the business and applied prudent measures to ensure cash burn was kept to a minimum where possible, as we had done in 2020. We furloughed 93% of our people, and accessed Government support schemes available to us such as grant funding up to the maximum allowed by the State Aid Cap and the 100% business rates relief. The impact of the VAT reduction to 5% for food and non-alcoholic drinks was negligible due to limited trading.

Additional actions included:

- Reducing all expenditure, including capital items, to essential spend only
- Securing covenant amendments and waivers in our bank and securitisation facilities
- Supporting tenants by temporarily waiving rents for the periods when they were unable to trade and assisting with relevant reliefs and grants
- Maintaining a mental wellbeing programme to support our people

Looking forward, the Government has introduced a reduced rate of VAT at 5% for food and non-alcoholic drinks until 30 September 2021, and then 12.5% until 31 March 2022. The business rates relief has been extended in full to 30 June 2021 and is then reduced to 66% from 1 July 2021 to 31 March 2022 but capped at £2 million.

Acquisition of SA Brain pub operations

During the period we agreed to acquire the pub operations of SA Brain in Wales, with the transaction completing on 5 February 2021. The estate complements Marston's existing portfolio of 106 pubs in Wales and comprises a core estate of 107 SA Brain pubs which we will operate on a long-term basis (99 pubs on a long-term lease and eight freehold sites which Marston's is acquiring), as well as 40 pubs identified for disposal which we have agreed to operate on short-term arrangements. Marston's is also permitted to use the Brain's branding on its existing estate in Wales.

This high-quality pub estate is principally located in South Wales, comprising both wet-led and food-led pubs and employs around 1,300 people. The pubs under long-term agreements operate under a mixture of managed and tenanted operating models and all have a stable five-year revenue and earnings track record.

On a pro-forma basis the historical outlet EBITDA for the retained estate is around £14 million, and we have agreed to pay a rent of £5.5 million per annum (which constitutes a 2.5x rent cover) on the leasehold sites. We will incur an additional £1.5 million per annum of overhead costs as a result of the transaction.

This acquisition has a minimal impact on net cash flow which is consistent with Marston's continued debt reduction strategy. The initial cash outlays comprise two years of advance rental payments (payable in February 2021 and April 2021), and circa £4 million for eight freehold pubs which we are acquiring, payable in July 2021. These outlays will be funded by disposal proceeds during 2021.

It is our intention to convert a significant proportion of the estate to our well-established franchise model to maximise pub profitability, together with purchasing and medium-term overhead synergies. We are targeting a £2-3 million uplift to the pro-forma earnings. In addition, we believe there are additional investment opportunities within the pub estate which will be evaluated in future years.

Cash Flow, Financing and Balance Sheet

Successful completion of the disposal of Marston's Beer Company into the new CMBC joint venture with Carlsberg UK at the end of October further strengthened the Group's balance sheet, enhanced liquidity and enabled us to further reduce the level of debt. As a result, despite the material impact of restrictions and lockdowns the Group generated a net cash inflow for the period of £110 million, representing a £107 million increase on 2020. This improvement reflects £228 million of initial net proceeds from the disposal of the brewing business into the joint venture between Carlsberg and Marston's on 30 October 2020, the temporary postponement of dividends and a significant reduction in capital expenditure.

As a consequence of the weaker trading and corresponding lower earnings, there was an operating cash outflow of £47 million. Net debt excluding IFRS 16 lease liabilities improved by £149 million to £1,230 million (2020: £1,379 million).

Total net debt of £1,612 million (2020: £1,699 million) includes lease liabilities of £382 million (2020: £320 million). The increase in lease liabilities reflects the impact of the acquisition of the SA Brain's pub operations described above.

We were successful in reaching agreements with our bank syndicate and bondholders to make appropriate covenant amendments in respect of certain financial covenants, and to provide waivers where necessary. These included strong support from bondholders for covenant waivers and amendments to January 2022 and the adoption of liquidity and profit covenants with our banks and private placement lenders to January 2022. This collaborative approach was helped by open and constructive dialogue in a period of great uncertainty and underlines the importance of good, long-term relationships with all our stakeholders, and we thank them for their continued support.

The Group has secure medium-term financing in place. At the period end Marston's had a £280 million bank facility available until 2024, of which £164 million was drawn, providing headroom of £116 million. We also have a £40 million private placement in place until 2024.

Furthermore, Marston's also has secure long-term financing in place. Whilst we were able to make the scheduled repayments for the securitisation for the first quarter of the year, demonstrating solid cash generation even under significant trading restrictions, we drew upon the liquidity facility to satisfy the April quarter-end principal and interest payments. As a result, the Group has utilised £28 million of the £120 million securitisation liquidity facility.

In summary, we have significant headroom in our bank facility to provide operational liquidity, and a securitisation liquidity facility to protect bondholder payments for at least 15 months should that be required in the event of further interruptions to trading.

In the event of additional restrictions in the autumn and winter months, it is possible that further covenant amendments may be required depending on the nature - and duration - of any restrictions introduced. Whilst there is no certainty that these amendments would be granted (this has been disclosed as a material uncertainty in the interim financial statements), given our experiences to date we are confident of securing these where necessary.

Dividend
The Board believes that given the significant disruption to trading in the current financial year and continuing uncertainty it will be prudent to plan for no dividends to be paid in respect of financial year 2021. Dividends have been an important component of returns to shareholders over many years and we will naturally look to resume dividend payments when there is sufficient certainty about the outlook.

Directorate
As previously announced, Ralph Findlay notified the Board of his intention to step down from the role of Chief Executive Officer at the end of the current financial year ending 2 October 2021. Following a thorough selection process, the Board is pleased to announce the appointment of Andrew Andrea

as Chief Executive Officer of Marston's PLC, with effect from 3 October 2021. Ralph will remain in the role until that time in order to ensure an appropriate handover.

Andrew is currently the Group's Chief Financial and Corporate Development Officer. He has over 23 years' experience within the pub and brewing industry. Having joined the business in 2002, Andrew has served on the Marston's PLC Board since 2009. He has extensive commercial and operational expertise gained from within Marston's, as well as outside the Group, in addition to his financial credentials. A new Chief Financial Officer will be appointed in due course.

Current Trading and Outlook

Since the half-year close, restrictions on trading have been eased in stages, although 'roadmaps' to reopening hospitality have again differed across the UK. In England, we reopened over 700 of our pubs for outdoor trading on 12 April and in Scotland and Wales a further 145 pubs were opened for trading on 26 April subject to the local restrictions.

Around 90% of Marston's pubs have gardens or outside trading areas and our "Inside Out" investment plan for outdoor areas in which we invested an additional £2 million last year, greatly assisted us in reopening most of our pubs.

On 17 May the restriction on indoor trading was lifted and all our pubs are now open, albeit subject to social distancing and other regulations, such as the rule of six. This includes our 20 pubs in Scotland and 213 pubs in Wales.

In the period since reopening on 12 April, sales levels were at 77% of the pre-COVID levels (financial year 2019 and adjusted for the timing of the Easter weekend) which is encouraging in the absence of indoor trading and demonstrates pent-up demand for eating and drinking out in the UK. As anticipated, wet sales were stronger than food sales, running at 89% and 59% respectively, with evening food sales impacted by the below average night-time temperatures in April.

We eagerly await pubs being able to reopen in England on 21 June without trading restrictions as set out by the Prime Minister as part of the 'roadmap' for England, and we still await clarity on the position in Wales and Scotland. Our portfolio of over 1,500 pubs, and the teams which service them, are well primed to welcome guests back for the very best Marston's pub experience.

Following the transformational Beer Company transaction, which completed on 30 October 2020, Marston's has emerged as a focused pub and accommodation operator with a high-quality pub estate well placed to recover from the impact of the pandemic and an attractive 40% investment in the Carlsberg Marston's Brewing Company with significant synergy and growth opportunities. We are confident that we will comfortably exceed the £24 million synergy target set out when we announced the transaction in May 2020. The proceeds from the transaction enabled the Group to navigate the cash flow challenges presented by the pandemic, without any recourse to the equity market.

We have a clear and simplified pub strategy focused on developing an estate of "Pubs to be Proud of" underpinned by three core pillars described in more detail below. Our aspirations to grow our estate were demonstrated by the innovative transaction to acquire SA Brain's pub operations in February 2021.

Our financial strategy continues to be focused on debt reduction which, despite the adverse cash flow impact in 2021, remains on target to be below £1 billion (excluding lease obligations) by financial year 2025 at the latest.

During this significant period of disruption, our focus has been on continued support for our people in both financial and welfare terms, and ensuring our business was well placed for reopening initially outdoors from 12 April, and trading both inside and out on 17 May. We would like to thank our teams for their continued perseverance and support during this extended period of disruption – their continued loyalty and effort means we are well placed to benefit from a return to "normalised" trading.

Our key priority now is to generate future organic growth, and at this stage we believe the outlook is positive. Provided that restrictions are removed on 21 June as anticipated; we are optimistic about a return to more normalised levels of trading during the final quarter of the financial year.

As described in the strategy section below, the pandemic has necessitated a review of all aspects of our pub business and we have used the time well to ensure that we are well placed to take advantage of evolving trends and the significant opportunities that will emerge as hospitality is reopened.

Finally, and most importantly, we have an incredible team at Marston's. We have worked hard to protect as far as possible the livelihoods and wellbeing of our team members and our tenanted, leased and other partners. We remain confident that our unrelenting focus on "doing the right thing" for our people will pay dividends – we have a loyal, hardworking group of people eager to welcome our guests back into our pubs and again provide them with great hospitality experiences.

In summary, we have a well-placed estate and a clear focus for driving growth, underpinned by a team of great people who are passionate about creating a pub business to be proud of.

Operational and Strategic Review

Following the sale of Marston's Beer Company into the joint venture with Carlsberg UK, we have become a focused pub operator for the first time in the Group's long history.

COVID-19 has significantly changed the dynamics of the market and our focus has been on ensuring we position our pub estate to meet those demands. There are four key dynamics of the changing market, which we are well positioned to benefit from:

Our guests want to celebrate and socialise outside home: After the first lockdown last summer, it was clear that there was pent-up demand for people to socialise and despite social distancing restrictions, it was encouraging that this demand, combined with the Eat Out to Help Out programme delivered a sales performance at 90% of pre-COVID levels in the final quarter of the 2020 financial year. As described in the Outlook section above, despite the significant capacity restrictions presented by outdoor trading, bookings and sales have continued to be encouraging, further underpinning confidence that the appeal of the great British pub is as strong as ever.

On-Trade contraction of supply: In recent years capacity in the eating-out market has been relatively subdued. Supply has contracted significantly during 2020 and we expect this trend to continue over the remainder of the year.

Lifestyle changes favours suburban locations: The pandemic has significantly changed the way in which we work, with a significant shift to homeworking. Whilst we believe that a return to office working will re-emerge to a degree, there are strong indications that more flexible working patterns will prevail in the long term, with many large organisations looking to reduce office space in city centre locations. Our principally suburban estate is well-placed to exploit this change.

Experience replacing convenience as reason to visit: In the years preceding the pandemic, the eating-out market was subject to significant discount activity. Today, options for eating at home have significantly improved, with increased home delivery options, the emergence of "finish at home" premium dining and the premiumisation of food offers in supermarkets. As described above, there is strong demand to socialise outside the home, but the focus and expectation of our guests is driven by experience and quality, rather than convenience and price. Over the last year we have been focused on enhancing our offer across our estate to meet our guests' increased level of expectation.

Our review of operational strategy is an evolution of previous plans and includes a Company vision, 'Pubs to Be Proud of'. This embodies not just the appeal of our pubs and offer but being proud of how we operate, and proud of our culture. We have defined a mission – 'to bring people together, to create happy, memorable, meaningful experiences', which defines what we are here to do beyond the narrower financial objectives which are clearly set out. To measure our performance there are a wide range of measures, but the key ones are:

- Higher sales per guest visit: the creation of a stronger sales culture within our pubs teams
- Social media scores: how our guests communicate their feedback to us
- Environmental Health Office (EHO) scores: demonstrating pride in hygiene
- Glassdoor ratings: a public record of feedback from our people
- CGA Peach Tracker scores: how we are performing against our peers.

There are three core pillars to our strategy.

PILLAR 1: GUEST OBSESSSED

Value for Experience
Guests place increasing emphasis on experience above price when considering which pub to go to. Those experiences can relate to celebration, socialising, teams, community engagement, music, service – but they provide reasons to make 'going out' worthwhile and memorable. We are highly rated in wet-led and community pubs but can do better in our food-led pubs, regarding food and menu quality with traditional pub favourites remaining as popular as ever, but demand for fresher, healthier and more interesting dishes increasing. In recent months we have reviewed all menus and upgraded food quality in menu items. Our Pride in Plate initiative is focussed on ensuring that every plate served to guests is memorable regardless of whether that is a quick bite to eat or a special occasion.

Guest Satisfaction
Our decisions are based on insight, guest satisfaction and the evaluation and improvement of satisfaction scores over time. This year we have invested in new feedback systems across our estate, and we are also implementing rigorous issues management processes which will more clearly define how guest comments are handled and resolved.

Digital and Technology
The pandemic has driven an acceleration of the development of systems to facilitate table ordering and payment and track and trace for example, which we successfully introduced into the business during 2020. Looking forward, we see this trend towards the use of technology continuing to evolve and key to this is the development of our guest relationships through digital marketing. We continue to develop our digital marketing platform, placing emphasis on a local pub having a local digital relationship with our guests.

PILLAR 2: RAISE THE BAR

Investing in People
During the pandemic we have reviewed all aspects of our people agenda. Our training programme has been further improved, including the introduction of new app-based training systems.

Communication and engagement with our people is paramount, and we have introduced an innovative engagement system this year which provides a platform for quick and regular feedback from our people. We are in the process of rolling out Microsoft Teams and Yammer (social media platform) across our pub business as part of our internal communication strategy, which aims to provide a more dynamic communication environment across our business.

Operational Excellence
We target all our pubs with achieving a 5-star EHO rating, acknowledging the need to maintain the highest hygiene standards within our pub business. We have launched a standards drive across our pubs with a new audit app, and have included health and safety scores in bonus schemes for the first time. We have invested in additional regional health and safety resource to support our operations teams in achieving our goal.

Business Simplification
Simplification of the business is not just a measure to improve efficiency and reduce costs. Through maintaining a philosophy of simplicity, we will constantly challenge ourselves that we are doing fewer things delivered to an excellent standard, with the aim of driving higher guest satisfaction.

PILLAR 3: WE WILL GROW

More from existing guests and welcoming new guests
We aim to develop a stronger sales culture across the organisation and target increased spend per guest visit. Our plans are focused on growing key trading sessions through improving all aspects of the guest experience from offer, marketing, training and operational execution. The first of these initiatives "Make Sundays Great" was launched on 17 May, which included changes to the specification of the meal, simplification of a Sunday menu and a training plan specifically targeted at the "Sunday Experience".

Capex
We have allocated modest levels of growth capex into our medium-term plans, ensuring this investment is deployed to generate maximum return. Clearly, quantitative evidence of progress is limited because of trading restrictions, but we will report further once the sector has returned to more normalised levels of trade.

Innovative Acquisition
In our view the pandemic will present consolidation opportunities within the pub sector over the next few years and we are seeking ways in which we might participate without compromising our objective to reduce borrowings to below £1 billion. The Brains acquisition described above was an innovative transaction which required minimal capital outlay to acquire the operations of a high-quality pub estate. Looking forward, it is our intention to review similar opportunities with the strict criteria that any acquisitions must be underpinned by strong earnings per pub and rental cover of at least two times earnings.

ESG – Part of Our DNA
As an organisation we have always maintained a proactive approach to our ESG strategy. We do not view ESG as a governance process, but one which has increasing relevance to all of our stakeholders; employees, suppliers, investors and most importantly guests.

Our environmental team have won numerous awards and our achievements to date are significant:

- First pub company to achieve zero waste to landfill status, with a recycling level of 74%
- All plastic garden furniture is made from 100% recycled products

- Reduced carbon emissions, with all managed and franchised pubs fitted with LED lighting
- We operate our own water licence saving around 50 million pints of water per annum

In addition, we now have rapid charging points for electric cars in 100 of our pubs, one of the largest private networks in the UK. In the last six months we broke through the "one million miles sold" barrier from our charging network.

Our social agenda is similarly important, with the wellbeing of our employees and guests at the forefront of our minds. This has been particularly relevant during the challenges of the last 12 months:

- Health of our guests: we are sponsors of Drinkaware and we have adopted Government salt and sugar guidelines into our menus.
- Health and wellbeing of our people: we have maintained a strong wellbeing support programme for all of our colleagues during the pandemic with an extensive support and communications programme. In our most recent survey our employees rated Marston's 8 out of 10 in response to our support programme during the pandemic period.
- Local community support: Local Legends campaign recognising local social achievements of our customers. Our Community Heroes event is due to be relaunched in the summer.

Whilst we are pleased that we have made good progress on ESG, we recognise that we can do more and have set ourselves firm targets for our ESG strategy for the coming years to further improve on the achievements to date.

PERFORMANCE AND FINANCIAL REVIEW

	Revenue		**Underlying operating (loss)/profit**	
	2021	2020	**2021**	2020
	£m	£m	**£m**	£m
Pub outlet	**55.1**	343.3	**(43.0)**	64.6
Administrative costs	**-**	-	**(14.2)**	(17.5)
Total pub	**55.1**	343.3	**(57.2)**	47.1
Share of associate	**-**	-	**(20.6)**	-
Total continuing	**55.1**	343.3	**(77.8)**	47.1
Brewing (discontinued)	**22.1**	167.2	**1.4**	10.7
Group	**77.2**	510.5	**(76.4)**	57.8

Pubs

Total revenues of £55 million reflect the adverse impact of COVID-19 in the period as described in the Group Overview above. As a consequence there was an underlying operating loss of £43.0 million at outlet level and £57.2 million after administrative costs. Within our pub business we operated 353 pubs under the traditional tenanted and leased model generating revenues of £3.5 million and underlying operating profit of £1.5 million. It is our intention to convert the tenanted and leased estate to turnover based models in the medium term.

Brewing and Joint Venture

Total revenue in the period of £22.1 million reflects trading to 30 October 2020 ahead of the completion of the disposal of the Brewing business into the joint venture as described above. The operating loss in the period of £20.6 million reflects the Marston's PLC share of the statutory loss after tax generated by the joint venture in the period. This loss includes £14 million of underlying trading losses, £0.5 million of restructuring costs, and £6 million in respect of the adjustment to the contingent payment value since completion.

Taxation
The underlying rate of taxation of 12.1% in 2021 (2020: 12.5%) is below the standard rate of corporation tax due to (i) no tax credit in respect of income from associates (ii) an unrecognised deferred tax asset in relation to corporate interest restriction.

Non-underlying items
There is a net non-underlying credit of £305.2 million after tax, of which £15.1 million relates to continuing operations and £290.1 million relates to discontinued operations.

The charge in respect of continuing operations comprises £2.4 million of costs/charges from COVID-19, primarily relating to covenant waivers, central reorganisation costs of £0.7 million, a pension scheme past service cost of £0.5 million in respect of Guaranteed Minimum Pension equalisation, a charge of £0.3 million in respect of the net interest on the net defined benefit pension asset/liability, a £5.3 million net gain in respect of interest rate swap movements and a £15.5 million gain in respect of the fair value of the contingent consideration from the disposal of the Group's brewing operations. There is also a charge of £1.8 million relating to the tax on these non-underlying items.

The credit in respect of discontinued operations primarily comprises the profit on disposal of the Group's brewing operations, offset by business separation and COVID-19 costs.

Capital expenditure and disposals
Capital expenditure was £19.2 million in the period (2020: £45.1 million), the reduction principally reflecting suspension of all non-essential capex in the period. We invested around £2 million in external investment schemes to prepare the Group for opening for outside trading on 12 April.

Net cash proceeds of £228.4 million were received in respect of the disposal of the Brewing business and £12.8 million has been realised in relation to the disposal of non-core pubs and our unlicensed property portfolio.

Property
The last external valuation of the Group's properties was undertaken in January 2018, and in 2020 a material impairment of our pubs was undertaken, reflecting the impact of the pandemic. The methodology for valuing our pubs uses long-term fair maintainable trade estimates as the basis for valuation and, following the 2020 impairment we do not believe any additional valuation adjustments to the carrying values of pubs are required at this interim stage. The next external valuation of the property portfolio will be undertaken in July 2021, the results of which will be reflected in the full year accounts.

Financing
The Group has a range of medium and long-term financing providing an appropriate level of flexibility and liquidity for the medium term: a £280 million bank facility to March 2024; £40 million of other facilities; a long-term securitisation of approximately £700 million, and long-term lease financing of £337 million.

Net debt at 3 April 2021 (excluding lease liabilities) of £1,230 million is £149 million below last year reflecting the proceeds received from the disposal of the Brewing business offset by the adverse impact of the pandemic. Lease liabilities as at 3 April 2021 were £382 million, an increase of £62 million on last year reflecting the lease obligation associated with the SA Brain's transaction described above.

During the period the Group was granted waivers to its financial covenants across all the debt providers. The Group has secured further amendments and waivers for the period to January 2022, again across all debt providers.

There was an operating cash outflow of £47 million in the period reflecting the trading restrictions described above. However, the net cash flow of £110 million principally reflects the benefit of the proceeds from the disposal of the brewing business.

Pensions

The deficit on our final salary scheme was £21.2 million at 3 April 2021 which compares favourably to the £37.2 million deficit at last year end. The decrease in the deficit is due principally to a decrease in the liability, driven by an increase in the discount rate. The triennial actuarial valuation fell due on 30 September 2020 and we are having constructive conversations with the Pension Trustees in concluding the outcome. We are confident of agreeing a position ahead of the financial year-end.

Responsibility Statement of the Directors in respect of the Interim Results

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report and Accounts.

The Directors of Marston's PLC are listed in the Marston's PLC Annual Report and Accounts for 3 October 2020. A list of current Directors is maintained on the Marston's PLC website: www.marstons.co.uk.

By order of the Board:

Ralph Findlay	Andrew Andrea
Chief Executive Officer	Chief Financial and Corporate Development Officer
19 May 2021	19 May 2021

GROUP INCOME STATEMENT (UNAUDITED)

For the 26 weeks ended 3 April 2021

		26 weeks to 3 April 2021			26 weeks to 28 March 2020 (Restated)			53 weeks to 3 October 2020
	Note	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m	Total £m
Continuing operations								
Revenue	3	**55.1**	**-**	**55.1**	343.3	-	343.3	515.5
Operating expenses		**(112.3)**	**(2.2)**	**(114.5)**	(296.2)	(25.8)	(322.0)	(801.0)
Loss from associates		**(20.6)**	**-**	**(20.6)**	-	-	-	-
Operating (loss)/profit	4	**(77.8)**	**(2.2)**	**(80.0)**	47.1	(25.8)	21.3	(285.5)
Finance costs	5	**(45.1)**	**(1.7)**	**(46.8)**	(48.4)	(0.3)	(48.7)	(98.8)
Finance income	5	**0.5**	**-**	**0.5**	0.5	-	0.5	2.0
Interest rate swap movements	4, 5	**-**	**5.3**	**5.3**	-	(4.2)	(4.2)	(6.4)
Contingent consideration fair value movement	4, 5	**-**	**15.5**	**15.5**	-	-	-	-
Net finance costs	4, 5	**(44.6)**	**19.1**	**(25.5)**	(47.9)	(4.5)	(52.4)	(103.2)
Loss before taxation		**(122.4)**	**16.9**	**(105.5)**	(0.8)	(30.3)	(31.1)	(388.7)
Taxation	4, 6	**14.8**	**(1.8)**	**13.0**	0.1	6.2	6.3	40.2
Loss for the period from continuing operations		**(107.6)**	**15.1**	**(92.5)**	(0.7)	(24.1)	(24.8)	(348.5)
Discontinued operations								
Profit/(loss) from discontinued operations	7	**1.7**	**290.1**	**291.8**	8.3	(11.5)	(3.2)	(11.1)
(Loss)/profit for the period attributable to equity shareholders		**(105.9)**	**305.2**	**199.3**	7.6	(35.6)	(28.0)	(359.6)

Earnings/(loss) per share:	Note	**26 weeks to 3 April 2021 p**	26 weeks to 28 March 2020 (Restated) p	53 weeks to 3 October 2020 p
Basic earnings/(loss) per share	8			
Total		**31.5**	(4.4)	(56.8)
Continuing		**(14.6)**	(3.9)	(55.1)
Discontinued		**46.1**	(0.5)	(1.8)
Basic underlying (loss)/earnings per share	8			
Total		**(16.7)**	1.2	(1.7)
Continuing		**(17.0)**	(0.1)	(3.8)
Discontinued		**0.3**	1.3	2.1
Diluted earnings/(loss) per share	8			
Total		**31.2**	(4.4)	(56.8)
Continuing		**(14.5)**	(3.9)	(55.1)
Discontinued		**45.7**	(0.5)	(1.8)
Diluted underlying (loss)/earnings per share	8			
Total		**(16.6)**	1.2	(1.7)
Continuing		**(16.9)**	(0.1)	(3.8)
Discontinued		**0.3**	1.3	2.1

The comparative information for the 26 weeks ended 28 March 2020 has been represented to show discontinued operations separately from continuing operations.

GROUP STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the 26 weeks ended 3 April 2021

	26 weeks to 3 April 2021 £m	26 weeks to 28 March 2020 £m	53 weeks to 3 October 2020 £m
Profit/(loss) for the period	**199.3**	(28.0)	(359.6)
Items of other comprehensive income that may subsequently be reclassified to profit or loss			
Gains/(losses) arising on cash flow hedges	**4.6**	(0.8)	(3.8)
Transfers to the income statement on cash flow hedges	**10.2**	10.8	21.3
Tax on items that may subsequently be reclassified to profit or loss	**(2.8)**	1.2	(0.3)
	12.0	11.2	17.2
Items of other comprehensive income that will not be reclassified to profit or loss			
Remeasurement of retirement benefits	**13.6**	29.5	(6.5)
Reversal of past revaluation surplus	**-**	(0.9)	(151.2)
Tax on items that will not be reclassified to profit or loss	**(2.6)**	(13.5)	17.7
	11.0	15.1	(140.0)
Other comprehensive income/(expense) for the period	**23.0**	26.3	(122.8)
Total comprehensive income/(expense) for the period	**222.3**	(1.7)	(482.4)

Other comprehensive income/(expense) for the current and prior period relates wholly to continuing operations.

GROUP CASH FLOW STATEMENT (UNAUDITED)

For the 26 weeks ended 3 April 2021

	Note	**26 weeks to 3 April 2021 £m**	26 weeks to 28 March 2020 £m	53 weeks to 3 October 2020 £m
Operating activities				
Underlying operating (loss)/profit		**(76.4)**	57.8	74.0
Depreciation and amortisation		**20.8**	27.6	51.6
Underlying EBITDA		**(55.6)**	85.4	125.6
Non-underlying operating items		**(3.3)**	(38.1)	(367.0)
EBITDA		**(58.9)**	47.3	(241.4)
Working capital movement		**(15.3)**	(2.6)	71.9
Non-cash movements		**22.8**	23.4	334.1
Increase/(decrease) in provisions and other non-current liabilities		**0.3**	(1.1)	1.0
Difference between defined benefit pension contributions paid and amounts charged		**(3.2)**	(3.8)	(7.3)
Income tax received/(paid)		**7.5**	(5.1)	(1.8)
Net cash (outflow)/inflow from operating activities		**(46.8)**	58.1	156.5
Investing activities				
Interest received		**0.3**	0.5	1.5
Sale of property, plant and equipment and assets held for sale		**12.8**	61.2	74.9
Purchase of property, plant and equipment and intangible assets		**(19.2)**	(45.1)	(63.7)
Disposal of subsidiary		**228.4**	-	-
Movement in trade loans		**0.1**	2.8	1.2
Finance lease capital repayments received		**0.4**	1.2	1.5
Net cash inflow from investing activities		**222.8**	20.6	15.4
Financing activities				
Equity dividends paid		**-**	(30.4)	(30.4)
Interest paid		**(46.7)**	(45.8)	(91.0)
Swap termination costs		**(19.9)**	-	-
Repayment of securitised debt		**(17.3)**	(16.4)	(33.4)
Repayment of bank borrowings		**(106.1)**	(35.1)	(60.7)
Capital element of lease liabilities repaid		**(9.2)**	(4.2)	(8.3)
(Repayment)/advance of other borrowings		**(5.0)**	40.0	55.0
Net cash outflow from financing activities		**(204.2)**	(91.9)	(168.8)
Net (decrease)/increase in cash and cash equivalents	10	**(28.2)**	(13.2)	3.1

GROUP BALANCE SHEET (UNAUDITED)

As at 3 April 2021

	Note	**3 April 2021 £m**	28 March 2020 (Restated) £m	3 October 2020 £m
Non-current assets				
Goodwill		**-**	230.3	-
Other intangible assets		**36.6**	92.7	32.5
Property, plant and equipment	9	**2,105.5**	2,481.3	2,038.3
Interests in associates		**274.0**	-	-
Other non-current assets		**16.2**	25.0	17.5
Deferred tax assets		**23.5**	-	16.7
		2,455.8	2,829.3	2,105.0
Current assets				
Inventories		**8.4**	38.2	10.4
Trade and other receivables		**45.4**	66.3	16.2
Current tax assets		**0.5**	7.9	8.0
Other cash deposits	10	**2.0**	2.0	2.0
Cash and cash equivalents	10	**12.5**	24.4	40.6
		68.8	138.8	77.2
Assets held for sale		**6.8**	1.3	349.7
		75.6	140.1	426.9
Current liabilities				
Borrowings	10	**(61.5)**	(60.9)	(64.7)
Derivative financial instruments		**-**	(19.8)	(37.0)
Trade and other payables		**(204.6)**	(212.1)	(222.1)
Provisions for other liabilities and charges		**(1.7)**	(0.5)	(1.1)
		(267.8)	(293.3)	(324.9)
Liabilities held for sale		**-**	-	(111.0)
		(267.8)	(293.3)	(435.9)
Non-current liabilities				
Borrowings	10	**(1,565.2)**	(1,664.4)	(1,610.9)
Derivative financial instruments		**(184.4)**	(209.9)	(187.4)
Other non-current liabilities		**(4.7)**	(3.3)	(3.9)
Provisions for other liabilities and charges		**(7.4)**	(6.1)	(7.7)
Deferred tax liabilities		**-**	(59.3)	-
Retirement benefit obligations		**(21.2)**	(3.9)	(37.2)
		(1,782.9)	(1,946.9)	(1,847.1)
Net assets		**480.7**	729.2	248.9
Shareholders' equity				
Equity share capital		**48.7**	48.7	48.7
Share premium account		**334.0**	334.0	334.0
Revaluation reserve		**417.8**	557.6	430.6
Merger reserve		**-**	23.7	23.7
Capital redemption reserve		**6.8**	6.8	6.8
Hedging reserve		**(96.7)**	(114.7)	(108.7)
Own shares		**(111.9)**	(111.9)	(111.9)
Retained earnings		**(118.0)**	(15.0)	(374.3)
Total equity		**480.7**	729.2	248.9

The comparative information as at 28 March 2020 has been restated for the prior period adjustment detailed in note 1.

GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the 26 weeks ended 3 April 2021

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 4 October 2020	48.7	334.0	430.6	23.7	6.8	(108.7)	(111.9)	(374.3)	248.9
Profit for the period	-	-	-	-	-	-	-	199.3	199.3
Remeasurement of retirement benefits	-	-	-	-	-	-	-	13.6	13.6
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	-	(2.6)	(2.6)
Gains on cash flow hedges	-	-	-	-	-	4.6	-	-	4.6
Transfers to the income statement on cash flow hedges	-	-	-	-	-	10.2	-	-	10.2
Tax on hedging reserve movements	-	-	-	-	-	(2.8)	-	-	(2.8)
Total comprehensive income	-	-	-	-	-	12.0	-	210.3	222.3
Transfer disposals to retained earnings	-	-	(15.0)	(23.7)	-	-	-	38.7	-
Transfer tax to retained earnings	-	-	2.2	-	-	-	-	(2.2)	-
Changes in equity of associates	-	-	-	-	-	-	-	9.5	9.5
Total transactions with owners	-	-	(12.8)	(23.7)	-	-	-	46.0	9.5
At 3 April 2021	**48.7**	**334.0**	**417.8**	**-**	**6.8**	**(96.7)**	**(111.9)**	**(118.0)**	**480.7**

For the 26 weeks ended 28 March 2020

	Equity share capital £m	Share premium account £m	Revaluation reserve £m	Merger reserve £m	Capital redemption reserve £m	Hedging reserve £m	Own shares £m	Retained earnings £m	Total equity £m
At 29 September 2019 (as originally reported)	48.7	334.0	598.9	23.7	6.8	(125.9)	(112.0)	36.9	811.1
Prior period adjustment	-	-	-	-	-	-	-	3.6	3.6
Adjustment for asset class split	-	-	(29.9)	-	-	-	-	(14.4)	(44.3)
Tax impact of asset class split	-	-	4.4	-	-	-	-	(0.6)	3.8
At 29 September 2019 (as restated)	48.7	334.0	573.4	23.7	6.8	(125.9)	(112.0)	25.5	774.2
Adjustment for adoption of IFRS 16	-	-	-	-	-	-	-	(15.9)	(15.9)
Tax impact of IFRS 16 adjustment	-	-	-	-	-	-	-	3.0	3.0
At 29 September 2019 (as adjusted)	48.7	334.0	573.4	23.7	6.8	(125.9)	(112.0)	12.6	761.3
Loss for the period	-	-	-	-	-	-	-	(28.0)	(28.0)
Remeasurement of retirement benefits	-	-	-	-	-	-	-	29.5	29.5
Tax on remeasurement of retirement benefits	-	-	-	-	-	-	-	(4.9)	(4.9)
Losses on cash flow hedges	-	-	-	-	-	(0.8)	-	-	(0.8)
Transfers to the income statement on cash flow hedges	-	-	-	-	-	10.8	-	-	10.8
Tax on hedging reserve movements	-	-	-	-	-	1.2	-	-	1.2
Property impairment	-	-	(0.9)	-	-	-	-	-	(0.9)
Deferred tax on properties	-	-	(8.6)	-	-	-	-	-	(8.6)
Total comprehensive (expense)/income	-	-	(9.5)	-	-	11.2	-	(3.4)	(1.7)
Share-based payments	-	-	-	-	-	-	-	0.1	0.1
Tax on share-based payments	-	-	-	-	-	-	-	(0.1)	(0.1)
Sale of own shares	-	-	-	-	-	-	0.1	(0.1)	-
Transfer disposals to retained earnings	-	-	(6.9)	-	-	-	-	6.9	-
Transfer tax to retained earnings	-	-	0.6	-	-	-	-	(0.6)	-
Dividends paid	-	-	-	-	-	-	-	(30.4)	(30.4)
Total transactions with owners	-	-	(6.3)	-	-	-	0.1	(24.2)	(30.4)
At 28 March 2020	**48.7**	**334.0**	**557.6**	**23.7**	**6.8**	**(114.7)**	**(111.9)**	**(15.0)**	**729.2**

NOTES

1 BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

This interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' in conformity with the requirements of the Companies Act 2006 and as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's audited financial statements for the 53 weeks ended 3 October 2020, with the exception of new standards and interpretations that were only applicable from the beginning of the current financial year.

The audited financial statements for the 53 weeks ended 3 October 2020 contain details of the new standards and interpretations now applicable to the Group. The adoption of these standards and interpretations has had no impact on the interim financial information.

The financial information for the 53 weeks ended 3 October 2020 is extracted from the audited accounts for that period, which have been delivered to the Registrar of Companies. The Auditor's report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. However the Auditor's report contained an emphasis of matter relating to a material uncertainty that may cast significant doubt on the Group's and Company's ability continue as a going concern.

The interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The interim financial information for the 26 weeks ended 3 April 2021 and the comparatives to 28 March 2020 are unaudited.

The Group does not consider that any standards or interpretations issued by the International Accounting Standards Board, but not yet applicable, will have a significant impact on the financial statements for the 52 weeks ending 2 October 2021.

Prior period adjustment
Following the publication of the interim financial information for the 26 weeks ended 28 March 2020 the Group identified adjustments to prior periods regarding the split of derivative financial instruments between non-current and current liabilities. These were adjusted in the financial statements for the 53 weeks ended 3 October 2020. As such the Group balance sheet as at 28 March 2020 has now been restated to reflect the adjustment required at this date as set out below.

Impact on the Group balance sheet	As originally stated £m	Adjustment £m	Restated amount £m
Derivative financial instruments – current liabilities	(181.9)	162.1	(19.8)
Derivative financial instruments – non-current liabilities	(47.8)	(162.1)	(209.9)
Other assets and liabilities	958.9	-	958.9
Net assets	729.2	-	729.2

Going concern
The impact of COVID-19 on the economy and the hospitality industry has resulted in heightened uncertainty about the future financial performance of the Group, which could cast significant doubt over the Group's ability to trade as a going concern. The COVID-19 pandemic has resulted in a variety of temporary operating restrictions and, although indicative roadmaps have been issued, there is still uncertainty as to how long these restrictions, such as social distancing measures, will be in place and whether any further local or national lockdowns will be required.

The Directors have performed an assessment of going concern for the period of 12 months from the date of signing this interim financial information, to assess the adequacy of the Group's financial resources. In performing their assessment, the Directors considered the Group's financial position and exposure to principal risks, including the ongoing impact of COVID-19. The Group's forecasts assume that sales will gradually recover to pre-COVID-19 levels over the next year. The Directors have also considered a severe but plausible downside scenario, which incorporates further lockdowns at a national level for a total of two months in the coming winter. The conclusion of this assessment was that the Directors are satisfied that the Group has sufficient liquidity to withstand such a severe but plausible downside scenario. However, under this severe but plausible downside scenario, further covenant waivers/amendments would be required.

The Group has secured waivers from its bondholders in respect of the free cash flow covenant up to 2 October 2021 for the two-quarter test and up to 1 January 2022 for the four-quarter test. The Group has agreed with its other lenders to replace existing financial covenant tests with a liquidity and profit covenant up to 1 January 2022. There is a material uncertainty as to whether the financial covenants will be met or whether the Group's lenders will agree to further waivers if required. The Group will continue to have regular communication with its lenders throughout this period.

Considering the above, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing this interim financial information. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing this interim financial information. However, a material uncertainty exists, in particular with respect to the ability to achieve further covenant waivers or amendments if required, which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. This interim financial information does not include any adjustments that would result from the basis of preparation being inappropriate.

2 SEGMENT REPORTING

In the prior period the Group had three distinguishable operating segments being Pubs and Bars, Brewing and Group Services. Following the disposal of the Group's brewing operations in October 2020, the Group is no longer considered to have any distinguishable operating segments under IFRS 8 'Operating Segments' and no disclosures are presented. This is in line with the reporting to the chief operating decision maker and the operational structure of the business.

NOTES

3 REVENUE

Revenue	3 April 2021 £m	28 March 2020 £m
Retail sales	**51.5**	318.7
Wholesale sales	**2.2**	18.2
Revenue from contracts with customers	**53.7**	336.9
Rental income	**1.4**	6.4
Total revenue	**55.1**	343.3

4 NON-UNDERLYING ITEMS

In order to illustrate the underlying trading performance of the Group, presentation has been made of performance measures excluding those items which it is considered would distort the comparability of the Group's results.

Non-underlying items are defined as those items that, by virtue of their nature, size or expected frequency, warrant separate additional disclosure in the financial statements in order to fully understand the underlying performance of the Group. As management of the freehold and leasehold property estate is an essential and significant area of the business, the threshold for classification of property related items as non-underlying is higher than other items.

	3 April 2021 £m	28 March 2020 (Restated) £m
Non-underlying operating items		
Portfolio disposals	**-**	21.2
Impact of COVID-19	**1.0**	4.6
Past service cost in respect of Guaranteed Minimum Pension equalisation	**0.5**	-
Reorganisation and restructuring costs	**0.7**	-
	2.2	25.8
Non-underlying non-operating items		
Net interest on net defined benefit asset/liability	**0.3**	0.3
COVID-19 financing costs	**1.4**	-
Interest rate swap movements	**(5.3)**	4.2
Contingent consideration fair value movement	**(15.5)**	-
	(19.1)	4.5
Total non-underlying items	**(16.9)**	30.3

Impact of COVID-19
In order to mitigate the spread of COVID-19 the UK government has implemented various operating restrictions in the hospitality industry, such as pub closures, reduced opening times and social distancing measures. These have had a significant impact on the Group's business and its customers. Certain associated costs/charges, which primarily comprise bad debt provisions and stock write-offs, have been classified as a non-underlying item in the current and prior period.

Past service cost in respect of Guaranteed Minimum Pension equalisation
On 26 October 2018 a High Court ruling indicated that Guaranteed Minimum Pensions must be equalised for men and women. On 20 November 2020 a further High Court ruling indicated that historic cash equivalent transfer values that were calculated on an unequalised basis should be topped up if an affected member makes a successful claim. This additional requirement has been reflected in the calculation of the Group's net defined benefit asset/liability in the current period and the resulting additional past service cost of £0.5 million has been classified as a non-underlying item.

Reorganisation and restructuring costs
Following the disposal of the Group's brewing business, and in light of the ongoing impact of the COVID-19 outbreak, the Group undertook a central restructuring exercise in the current period as part of a full review of its overhead costs.

Net interest on net defined benefit asset/liability
The net interest on the net defined benefit asset/liability in respect of the Group's defined benefit pension plan was a charge of £0.3 million (2020: £0.3 million).

COVID-19 financing costs
As a result of the COVID-19 outbreak and the consequential impact on its trading ability, the Group has obtained certain waivers from its lenders, primarily in respect of covenants. The costs related to this have been classified as a non-underlying item.

Interest rate swap movements
The Group's interest rate swaps are revalued to fair value at each balance sheet date. For interest rate swaps which were designated as part of a hedging relationship a gain of £4.6 million (2020: loss of £0.8 million) has been recognised in the hedging reserve in respect of the effective portion of the fair value movement and £3.7 million (2020: £3.4 million) has been reclassified from the hedging reserve to underlying finance costs in the income statement in respect of the cash paid in the period.

The ineffective portion of the fair value movement has been recognised within the income statement. The cash paid of £0.8 million (2020: £0.9 million) has been recognised within underlying finance costs to ensure that underlying finance costs reflect the resulting fixed rate paid on the associated debt. The remainder of the ineffective portion of the fair value movement, a loss of £1.4 million (2020: gain of £0.9 million), has been recognised within non-underlying items. In addition £6.5 million (2020: £7.4 million) of the balance remaining in the hedging reserve in respect of discontinued cash flow hedges has been reclassified to the income statement within non-underlying items.

4 NON-UNDERLYING ITEMS (CONTINUED)

For interest rate swaps which were not designated as part of a hedging relationship the fair value movement has been recognised within the income statement. The cash paid of £6.0 million (2020: £5.4 million) has been recognised within underlying finance costs to ensure that underlying finance costs reflect the resulting fixed rate paid on the associated debt. The remainder of the fair value movement, a gain of £15.5 million (2020: £2.3 million), equal to the change in the carrying value of the interest rate swaps in the period, has been recognised within non-underlying items.

The Group terminated one of its interest rate swaps in the current period resulting in a loss of £2.3 million which has been recognised within non-underlying items.

Contingent consideration fair value movement
The contingent consideration on the disposal of Marston's Beer Company Limited was initially recognised at its fair value at the date of disposal and has been subsequently remeasured at its fair value at 3 April 2021. The movement in fair value has been recognised within non-underlying items.

Impact of taxation
The current tax credit relating to the above non-underlying items amounts to £nil (2020 (restated): £0.9 million). The deferred tax charge relating to the above non-underlying items amounts to £1.8 million (2020 (restated): credit of £4.3 million). In addition, there is a non-underlying deferred tax credit of £nil (2020 (restated): £1.0 million) in relation to the change in corporation tax rate.

Prior period non-underlying items
As part of its debt reduction strategy, the Group disposed of two portfolios of smaller wet-led leased, tenanted and franchised pubs and associated properties in the prior period. The net loss on disposal and associated costs were classed as a non-underlying item.

5 FINANCE COSTS AND INCOME

	3 April 2021 £m	28 March 2020 (Restated) £m
Finance costs		
Bank borrowings	**5.4**	8.2
Securitised debt	**19.0**	20.1
Lease liabilities	**8.3**	8.0
Other lease related borrowings	**10.6**	10.4
Other interest payable and similar charges	**1.8**	1.7
	45.1	48.4
Non-underlying finance costs		
Net interest on net defined benefit asset/liability	**0.3**	0.3
COVID-19 financing costs	**1.4**	-
	1.7	0.3
Total finance costs	**46.8**	48.7
Finance income		
Deposit and other interest receivable	**(0.5)**	(0.5)
Total finance income	**(0.5)**	(0.5)
Interest rate swap movements		
Hedge ineffectiveness on cash flow hedges (net of cash paid)	**1.4**	(0.9)
Change in carrying value of interest rate swaps	**(15.5)**	(2.3)
Transfer of hedging reserve balance in respect of discontinued hedges	**6.5**	7.4
Loss on termination of interest rate swaps	**2.3**	-
	(5.3)	4.2
Contingent consideration fair value movement		
Contingent consideration fair value movement	**(15.5)**	-
	(15.5)	-
Net finance costs	**25.5**	52.4

NOTES

6 TAXATION

The underlying taxation credit for the 26 weeks ended 3 April 2021 has been calculated by applying an estimate of the underlying effective tax rate for the 52 weeks ending 2 October 2021 of approximately 12.1% (26 weeks ended 28 March 2020: approximately 12.5%).

	3 April 2021 £m	28 March 2020 (Restated) £m
Current tax	**-**	(4.0)
Deferred tax	**(13.0)**	(2.3)
	(13.0)	(6.3)

The taxation credit includes a current tax credit of £nil (2020 (restated): £0.9 million) and a deferred tax charge of £1.8 million (2020 (restated): credit of £4.3 million) relating to the tax on non-underlying items. In addition, there is a non-underlying deferred tax credit of £nil (2020 (restated): £1.0 million) in relation to the change in corporation tax rate.

The March 2021 Budget announced that the main rate of corporation tax would change from 19% to 25% with effect from 1 April 2023. This change has not yet been substantively enacted and as such its effects are not included in these financial statements.

7 DISCONTINUED OPERATIONS

On 4 October 2020 the Group transferred its brewing operations into a wholly-owned subsidiary, Marston's Beer Company Limited. On 30 October 2020 the Group sold Marston's Beer Company Limited to Carlsberg Marston's Brewing Company Limited in exchange for an initial cash receipt of £232.7 million, contingent consideration of up to £34.0 million and a 40% shareholding in Carlsberg Marston's Brewing Company Limited.

The Brewing segment was not classified as held for sale or within discontinued operations in the prior period. As such the income statement for the 26 weeks ended 28 March 2020 has been represented to show discontinued operations separately from continuing operations.

Results of discontinued operations

	3 April 2021			28 March 2020		
	Underlying £m	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	Total £m
Revenue	**22.1**	**-**	**22.1**	167.2	-	167.2
Operating expenses	**(20.7)**	**(1.1)**	**(21.8)**	(156.5)	(12.3)	(168.8)
Operating profit/(loss)	**1.4**	**(1.1)**	**0.3**	10.7	(12.3)	(1.6)
Net finance costs	**(0.1)**	**-**	**(0.1)**	(0.5)	-	(0.5)
Profit/(loss) before taxation	**1.3**	**(1.1)**	**0.2**	10.2	(12.3)	(2.1)
Taxation	**0.4**	**0.3**	**0.7**	(1.9)	0.8	(1.1)
Profit/(loss) after taxation	**1.7**	**(0.8)**	**0.9**	8.3	(11.5)	(3.2)
Gain on disposal of discontinued operations	**-**	**290.9**	**290.9**	-	-	-
Profit/(loss) for the period attributable to equity shareholders	**1.7**	**290.1**	**291.8**	8.3	(11.5)	(3.2)

Non-underlying operating items in the current period relate to the impact of COVID-19 and business separation costs. Non-underlying operating items in the prior period related primarily to the impact of COVID-19.

NOTES

8 EARNINGS PER ORDINARY SHARE

Basic earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding treasury shares and those held on trust for employee share schemes.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the weighted average market price of the Company's shares during the period.

Underlying (loss)/earnings per share figures are presented to exclude the effect of non-underlying items. The Directors consider that the supplementary figures are a useful indicator of performance.

	3 April 2021		28 March 2020 (Restated)	
	Earnings £m	**Per share amount p**	Earnings £m	Per share amount p
Basic earnings/(loss) per share				
Total	**199.3**	**31.5**	(28.0)	(4.4)
Continuing	**(92.5)**	**(14.6)**	(24.8)	(3.9)
Discontinued	**291.8**	**46.1**	(3.2)	(0.5)
Diluted earnings/(loss) per share				
Total	**199.3**	**31.2**	(28.0)	(4.4)
Continuing	**(92.5)**	**(14.5)**	(24.8)	(3.9)
Discontinued	**291.8**	**45.7**	(3.2)	(0.5)
Underlying (loss)/earnings per share figures				
Basic underlying (loss)/earnings per share				
Total	**(105.9)**	**(16.7)**	7.6	1.2
Continuing	**(107.6)**	**(17.0)**	(0.7)	(0.1)
Discontinued	**1.7**	**0.3**	8.3	1.3
Diluted underlying (loss)/earnings per share				
Total	**(105.9)**	**(16.6)**	7.6	1.2
Continuing	**(107.6)**	**(16.9)**	(0.7)	(0.1)
Discontinued	**1.7**	**0.3**	8.3	1.3

	3 April 2021 m	28 March 2020 (Restated) m
Basic weighted average number of shares	**632.7**	632.7
Dilutive potential ordinary shares	**5.4**	-
Diluted weighted average number of shares	**638.1**	632.7

In accordance with IAS 33 'Earnings per Share' the potential ordinary shares for the 26 weeks ended 28 March 2020 are not dilutive as their inclusion would reduce the loss per share.

9 PROPERTY, PLANT AND EQUIPMENT

	£m
Net book amount at 4 October 2020	2,038.3
Additions	99.6
Net transfers to assets held for sale and disposals	(13.4)
Depreciation, revaluation and other movements	(19.0)
Net book amount at 3 April 2021	**2,105.5**

	£m
Net book amount at 29 September 2019 (as originally reported)	2,350.4
Adjustment for asset class split	(44.3)
Net book amount at 29 September 2019 (as restated)	2,306.1
Adjustment for adoption of IFRS 16	244.6
Additions	41.5
Net transfers to assets held for sale and disposals	(82.7)
Depreciation, revaluation and other movements	(28.2)
Net book amount at 28 March 2020	**2,481.3**

The net loss on disposal of property, plant and equipment, intangible assets and assets held for sale was £2.1 million (2020: £22.2 million).

Additions in the current period include £90.5 million of right-of-use assets recognised as part of a transaction with S.A.Brain & Company,Limited.

NOTES

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation/impairment
During the current and prior period various properties were reviewed for impairment and/or material changes in value. These valuations were incorporated into the financial statements and the resulting revaluation adjustments were recognised in the revaluation reserve or income statement as appropriate. The impact of these revaluations/impairments is as follows:

	3 April 2021 £m	28 March 2020 £m
Income statement:		
Impairment	**-**	(1.2)
	-	(1.2)
Revaluation reserve:		
Reversal of past revaluation surplus	**-**	(0.9)
	-	(0.9)
Net decrease in shareholders' equity/property, plant and equipment	**-**	(2.1)

10 NET DEBT

Analysis of net debt	**3 April 2021 £m**	Disposals and classified as held for sale £m	Cash flow £m	Non-cash movements and deferred issue costs £m	3 October 2020 £m
Cash and cash equivalents					
Cash at bank and in hand	**12.5**	-	(28.1)	-	40.6
	12.5	-	(28.1)	-	40.6
Financial assets					
Other cash deposits	**2.0**	-	-	-	2.0
	2.0	-	-	-	2.0
Debt due within one year					
Bank borrowings	**0.7**	-	0.1	(0.1)	0.7
Securitised debt	**(35.9)**	-	17.3	(18.3)	(34.9)
Lease liabilities	**(16.7)**	-	9.2	(10.0)	(15.9)
Other lease related borrowings	**0.4**	-	-	-	0.4
Other borrowings	**(10.0)**	-	5.0	-	(15.0)
	(61.5)	-	31.6	(28.4)	(64.7)
Debt due after one year					
Bank borrowings	**(162.6)**	(0.1)	106.0	(0.3)	(268.2)
Securitised debt	**(659.2)**	-	-	18.0	(677.2)
Lease liabilities	**(366.0)**	-	-	(77.8)	(288.2)
Other lease related borrowings	**(337.3)**	-	-	(0.1)	(337.2)
Other borrowings	**(40.0)**	-	-	-	(40.0)
Preference shares	**(0.1)**	-	-	-	(0.1)
	(1,565.2)	(0.1)	106.0	(60.2)	(1,610.9)
Net debt	**(1,612.2)**	(0.1)	109.5	(88.6)	(1,633.0)

Other cash deposits comprises deposits securing letters of credit for reinsurance contracts. Included within cash and cash equivalents is an amount of £5.7 million (at 3 October 2020: £6.0 million), which relates to collateral held in the form of cash deposits. These amounts are considered to be restricted cash. In addition, any cash held in connection with the securitised business is governed by certain restrictions under the covenants associated with the securitisation.

Reconciliation of net cash flow to movement in net debt	**3 April 2021 £m**	28 March 2020 £m
Decrease in cash and cash equivalents in the period	**(28.2)**	(13.2)
Disposals	**0.1**	-
Cash outflow from movement in debt	**137.6**	15.7
Change in debt resulting from cash flows	**109.5**	2.5
Non-cash movements and deferred issue costs	**(88.6)**	(7.4)
Disposals and classified as held for sale	**(0.1)**	-
Movement in net debt in the period	**20.8**	(4.9)
Net debt at beginning of the period	**(1,633.0)**	(1,398.7)
Adjustment for adoption of IFRS 16	**-**	(295.3)
Net debt at end of the period	**(1,612.2)**	(1,698.9)

10 NET DEBT (CONTINUED)

	3 April 2021 £m	28 March 2020 £m
Net debt excluding lease liabilities	**(1,229.5)**	(1,379.3)
Lease liabilities	**(382.7)**	(319.6)
Net debt	**(1,612.2)**	(1,698.9)

11 FINANCIAL INSTRUMENTS

The only financial instruments which the Group holds at fair value are contingent consideration and derivative financial instruments, which are classified as at fair value through profit or loss or derivatives used for hedging.

Fair value hierarchy
IFRS 13 'Fair Value Measurement' requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data.

The tables below show the levels in the fair value hierarchy within which fair value measurements have been categorised:

	3 April 2021				3 October 2020			
Assets as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Contingent consideration	**-**	**24.4**	**-**	**24.4**	-	-	-	-

	3 April 2021				3 October 2020			
Liabilities as per the balance sheet	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial instruments	**-**	**184.4**	**-**	**184.4**	-	224.4	-	224.4

There were no transfers between Levels 1, 2 and 3 fair value measurements during the current or prior period.

The Level 2 fair values of derivative financial instruments have been obtained using a market approach and reflect the estimated amount the Group would expect to pay or receive on termination of the instruments, adjusted for the Group's own credit risk. The Group utilises valuations from counterparties who use a variety of assumptions based on market conditions existing at each balance sheet date. The fair values are highly sensitive to the inputs to the valuations, such as discount rates, analysis of credit risk and yield curves.

The Level 2 fair value of contingent consideration reflects the estimated amount the Group expects to receive.

The fair values of all the Group's other financial instruments are equal to their book values, with the exception of borrowings. The carrying amount less impairment provision of finance lease receivables, trade receivables and other receivables, and the carrying amount of other cash deposits, cash and cash equivalents, trade payables and other payables, are assumed to approximate their fair values. The carrying amount (excluding unamortised issue costs) and the fair value of the Group's borrowings are as follows:

	Carrying amount		**Fair value**	
	3 April 2021 £m	3 October 2020 £m	**3 April 2021 £m**	3 October 2020 £m
Bank borrowings	**164.0**	270.0	**164.0**	270.0
Securitised debt	**698.7**	716.0	**632.2**	543.8
Lease liabilities	**382.7**	304.1	**382.7**	304.1
Other lease related borrowings	**361.7**	361.7	**361.7**	361.7
Other borrowings	**50.0**	55.0	**50.0**	55.0
Preference shares	**0.1**	0.1	**0.1**	0.1
	1,657.2	1,706.9	**1,590.7**	1,534.7

12 SIGNIFICANT EVENTS AND TRANSACTIONS

Additional contributions of £3.7 million (26 weeks ended 28 March 2020: £3.8 million) were made in the period to the Marston's PLC Pension and Life Assurance Scheme.

Further detail regarding significant events and transactions that have taken place since 3 October 2020 is provided outside of the interim financial statements in the Group Overview and the Performance and Financial Review.

NOTES

13 RELATED PARTY TRANSACTIONS

Details of related party transactions with the Group's associate, Carlsberg Marston's Brewing Company Limited, are as follows:

	Transaction amount		Balance outstanding	
	3 April 2021 £m	28 March 2020 £m	**3 April 2021 £m**	28 March 2020 £m
Purchase of goods	**(3.0)**	-	**(10.1)**	-
Rendering of services	**1.8**	-	**0.3**	-
Settlement of liabilities on behalf on associate	**66.5**	-	**19.1**	-
Receipt of cash from associate's customers	**(158.7)**	-	**(37.3)**	-

The amount outstanding in respect of the purchase of goods at 3 April 2021 includes transactions entered into prior to the sale of Marston's Beer Company Limited to Carlsberg Marston's Brewing Company Limited.

14 CAPITAL COMMITMENTS

Capital expenditure authorised and committed at the period end but not provided for in this interim financial information was £5.5 million (at 3 October 2020: £2.3 million).

15 CONTINGENT LIABILITIES

There have been no material changes to contingent liabilities since 3 October 2020.

16 SEASONALITY OF INTERIM OPERATIONS

The Group's financial results and cash flows have, historically, been subject to seasonal trends between the first and second half of the financial year. Traditionally, the second half of the financial year sees higher revenue and profitability, as a result of better weather conditions.

There is no assurance that this trend will continue in the future.

17 EVENTS AFTER THE BALANCE SHEET DATE

An interim dividend has not been proposed for the current period. No interim dividend was paid for the prior period.

18 PRINCIPAL RISKS AND UNCERTAINTIES

The Group set out on pages 22 to 27 of its 2020 Annual Report and Accounts the principal risks and uncertainties that could impact its performance. These risks and uncertainties were as follows:

Pandemic
There is a risk that COVID-19 infection rates increase leading to further restrictions on the public and further trading regulations for pubs and lodges.

Liquidity
While the UK battles the pandemic there is a risk of regional lockdowns or national measures which could impact upon the ability of pubs to trade and therefore put the liquidity of the business under strain.

Health and safety
Breaches of health and safety regulations could endanger the health of an individual and attract media attention and high penalties.

Food safety
Breaches of food standards regulations could also attract media attention and high penalties.

Financial
There is the risk of a breach of the covenants with the Group's lenders, incorrect reporting of financial results and unauthorised transactions.

Market and operational
There is the risk that the Group's pubs, brands or services fail to attract guests, do not reflect changing guest preferences or offer poor service or quality. Equally there is the risk that the Group's prices become uncompetitive.

Failure to attract or retain the best people could negatively impact pub performance.

Trading restrictions and the impact on consumer confidence as a result of COVID-19 create the risk of substantially lower sales until a vaccine is widely deployed.

There is the risk of disruption to key suppliers, particularly those closely involved with day-to-day activities (logistics, food, drink), or a shortage of commodities.

There is also the risk of disruption to food supplies from the EU, with or without a trade agreement. Increases in customs duties could impact the Group's offering to guests and its cost base.

NOTES

18 PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Political and economic
High persistent levels of unemployment could impact consumer spend in the Group's pubs, particularly those with a more premium focus.

The import of goods, including fresh food, from the EU could be disrupted. In the event of disruption, it could be difficult to source alternative supplies of food and drink for the same cost.

Information technology
Threats to IT are both external and internal and could result in a network outage, denial of service or loss, theft or corruption of data.

The UK now has a trade agreement in place with the EU however there is still the risk of disruption to supplies from the EU as a result of the new import processes and procedures. All of the other risks and uncertainties above have not changed significantly since the Annual Report and Accounts was published and are expected to remain present for the second half of the financial year.

19 INTERIM RESULTS

The interim results were approved by the Board on 19 May 2021.

20 COPIES

Copies of these results are available on the Marston's PLC website (www.marstons.co.uk) and on request from the Group Secretary, Marston's PLC, Marston's House, Brewery Road, Wolverhampton, WV1 4JT.