MITCHELLS & BUTLERS PLC
LEI no: 213800JHYNDNB1NS2W10

19 May 2021

HALF YEAR RESULTS

(For the 28 weeks ended 10 April 2021)

Highlights
- Strengthened balance sheet through successful £351m equity raise and refinanced debt arrangements
- Confident of emerging in a position of strength as restrictions are eased
- Almost all sites now open, trading indoors and outdoors

Reported results
- Total revenue of £219m (HY 2020 £1,039m)
- Operating loss of £132m (HY 2020 loss £51m)
- Loss before tax of £200m (HY 2020 loss £121m)
- Basic loss per share of (33.0)p (HY 2020 (22.6)p as restated)

Trading results
- First half again dominated by Covid-19, with only 14 weeks of restricted trading permitted
- Like-for-like sales[a] restricted to a decline of 30.1% against pre Covid-19 levels
- Adjusted operating (loss)/profit[a] £(124)m (HY 2020 £108m)
- Adjusted (loss)/earnings per share[a] (31.8)p (HY 2020 6.5p as restated)

Balance sheet and cash flow
- Unsecured committed financing facilities of £150m to February 2024
- Extended covenant waivers and then amendments in place for the securitisation until January 2023
- Cash outflow of £(16)m (HY 2020 inflow £58m), including gross equity proceeds of £351m
- Net debt of £2,014m (HY 2020 £2,158m), including £542m of IFRS 16 lease liabilities (HY 2020 £543m)

Phil Urban, Chief Executive, commented:

"M&B was a high performing business coming into the pandemic. With the support of our main stakeholders, we are now well placed to emerge in a strong competitive position and look forward to the removal of remaining trading restrictions in June such that the business is able to return again to full and sustainable profitability.

With our great estate, well diversified portfolio of brands and proven management team, we look forward to welcoming back our guests for great experiences in Covid-19 secure environments and focusing the business once again on continually enhancing our customer proposition while driving efficiencies through the Ignite programme."

Definitions

a – The Directors use a number of alternative performance measures (APMs) that are considered critical to aid the understanding of the Group's performance. APMs are explained later in this announcement.

There will be a conference call held today at 9:15am accessible by phone on 0203 936 2999, access code: 327499 and www.incommuk.com/customers/online access code: 327499. The slides will also be available on the website at www.mbplc.com. The replay will be available until 2 June 2021 on 0203 936 3001, access code: 686064.

All disclosed documents relating to these results are available on the Group's website at www.mbplc.com

For further information, please contact:

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Note for editors:
Mitchells & Butlers is a leading operator of managed restaurants and pubs. Its portfolio of brands and formats includes Harvester, Toby Carvery, All Bar One, Miller & Carter, Premium Country Pubs, Sizzling Pubs, Stonehouse, Vintage Inns, Browns, Castle, Nicholson's, O'Neill's and Ember Inns. In addition, it operates Innkeeper's Collection hotels in the UK and Alex restaurants and bars in Germany. Further details are available at www.mbplc.com and supporting photography can be downloaded at www.mbplc.com/imagelibrary.

CURRENT TRADING AND OUTLOOK

We successfully launched our Open Offer on 22 February, raising £351m. The equity raise, plus the associated package of refinanced terms for our secured and unsecured debt, provides a strong platform of financial stability as we continue to manage our way through the remaining uncertainty presented by the Covid-19 pandemic.

At the balance sheet date the Group had cash balances on hand of £141m, with undrawn unsecured facilities of £150m. Subsequently, we have had five weeks of limited outdoor trading from 12 April. We started this period with 16% of our estate open, building to 44% as restrictions eased in Scotland and Wales, and based on the strong levels of bookings and demand we have seen open sites generating a level of outdoor sales that were 37% down on their total sales (outdoor plus indoor) pre Covid-19. As restrictions have eased further, we have this week re-opened almost all of our estate, now permitted to trade both indoors and outdoors.

Whilst uncertainty and challenges still remain, we are encouraged by the successful roll out of the Covid-19 vaccination programme and the fall in infection rates and are confident, given the demand that we have seen so far since re-openings, that we will see strong consumer confidence in our brands supporting a rebound to profitability and cash generation once restrictions are fully eased. Until that time, we continue to believe it is not meaningful to provide any forward guidance.

BUSINESS REVIEW

The first half of the financial year continued to be dominated by the effects of Covid-19 with increased trading restrictions, including the introduction of regional tiers, resulting in reduced guest visits in the lead up to the second 4-week lockdown in England on 5 November.

Trading recommenced on 2 December, but with even tighter restrictions within the regional tiers, including tier 3 areas remaining closed. Throughout December, with the introduction of tier 4 as the new variant was discovered, restrictions became progressively tighter still resulting in further site closures and significantly reduced sales activity over the important festive trading season followed by closure of the estate for the third time from 30 December, ahead of the imposition of the wider national lockdown on 4 January.

Total sales in the first half of the year were £219m, a decline of 78.9% reflecting these restrictions on trade.

As a result, the Group's liquidity position deteriorated significantly over the first quarter. On 15 February we announced our intention to undertake an Open Offer to raise additional equity. In parallel with this process, we reached agreement with our relationship banks for a new £150m 3-year unsecured facility and extended the temporary waivers and amendments in place over the securitisation to avoid technical breaches that would have been incurred due to forced closure, both of which were conditional on completion of the Open Offer. The formation of Odyzean was also announced, representing the combined shareholding of Piedmont, Elpida and Smoothfield, showing their support for the Company through this critical period by fully supporting the proposed Open Offer.

The Open Offer was launched on 22 February, with the results published on 11 March confirming gross proceeds of £351m to provide funding for short-term working capital needs, reduce the level of unsecured debt and strengthen the balance sheet. As we emerge from restrictions, this will also enable us to restart our estate investment strategy and maintain our strong competitive position, while continuing our focus on long-term deleveraging.

Throughout closure periods we have kept operating costs to a minimum, have reduced discretionary capital expenditure and over 99% of employees have been on furlough. We have continued to work hard to keep all our team members connected and informed through our support portal, launched last financial year, and social media platforms. The welfare and mental health of our team has continued to be a primary concern and we are encouraged by the way our teams have pulled together in this difficult time.

Mitchells & Butlers has continued to play a role in the UK Hospitality forums that helped devise the Hospitality Sector Protocols Document and have lobbied the Government directly to support the sector during closure. We welcomed the Government's extended support through a reduced VAT rate on certain supplies and the business rates holiday, in addition to the security of employment provided by the furlough scheme enabling us to continue to protect the vast majority of our employees.

The Government's announcement on 22 February provided a roadmap for the easing of restrictions and we have successfully traded an average of 535 sites from outdoor areas since 12 April. Performance has been varied and heavily influenced by the weather, with outdoor sales in open sites being on average 37% down on full pre Covid-19 levels (outdoor and indoor). Encouragingly our average guest review scores since reopening were 4.4 out of 5, despite the restricted trading conditions. The CGA Consumer Pulse survey has shown 44% of adults visited hospitality venues in the first week of trading, 9% points higher than reopening after England's first national lockdown. This indicates that consumer demand for hospitality remains strong and provided us with optimism ahead of our reopening for indoor trading on 17 May, with almost all of our estate now open.

Covid-19 secure procedures including directional and spacing signage, sanitising stations, disposable menus and table spacing have previously been adopted by our teams, whilst still providing a hospitable feel and great experiences for our guests. We have the experience and confidence to support these measures going forward, alongside the application of test and trace guidance. Over this period consumer trends such as home delivery have been accelerated and digital technology that we were already implementing has been increasingly important. Order at table, now successfully rolled out across the majority of our estate, has been particularly popular with our pub brands where we have seen sales mix build to over 60%.

The unprecedented challenges the industry has faced have had a damaging impact on market supply with a 7% decline in licensed premises, according to the May AlixPartners CGA Market Recovery Monitor. We believe that the platform of financial stability provided through the equity raise will leave us well placed to benefit from these changes in the competitive landscape.

OUR STRATEGIC PRIORITIES

Despite the impacts of Covid-19, the fundamental strengths of our business remain. We have an 82% freehold estate, with recognised and diversified brands across consumer demographics and geographical locations, and an experienced and proven management team with the focus to build on the momentum previously gained before the pandemic. In the short to medium term, our priority will be on successfully trading the business in the current challenging environment, ensuring the safety of our team members and guests, and on growing the business back to, and beyond, the levels of trade that we were enjoying before Covid-19.

Our Ignite programme of work remains at the core of our long-term value creation plans and we had refreshed the initiatives and opportunities available to us in early 2020. Our immediate focus will be on the successful rebuilding of trade following the extended periods of closure and we will be prioritising initiatives that support this, such as sales driving actions and the resumption of capital investment in our estate to maintain competitiveness. We remain confident in our ability to deliver long term and sustained efficiencies and business improvements through the existing Ignite programme and will be working to refine and roll out new measures.

Principal risks and uncertainties

Since the financial year end, there have been no material changes to the principal risks previously disclosed (detailed in the Annual Report and Accounts 2020 page 32). However, in experiencing enforced Government closures, which have impacted the business due to Covid-19, we have identified a new risk in relation to 'Mandated Closures'. This new risk has been added to the Group's risk register, given the rare risk that the business could again be severely impacted by an enforced Government closure (or imposed severe trading restrictions), of part or all of the estate. The frequency and nature of these risks are unpredictable and the impact could be substantial for the Group, as evidenced during the Covid-19 pandemic. We continue to monitor and assess all key risks and uncertainties facing the business, in addition to any new and emerging risks.

The Group has prepared for Brexit and does not expect material supply shortages or cost increases. However, having been closed since the date Brexit became effective, the full impact will become more apparent as we begin to reopen for trade.

FINANCIAL REVIEW

On a statutory basis, loss before tax for the half year was £200m (HY 2020 loss £121m), on sales of £219m (HY 2020 £1,039m).

The Group Income Statement discloses adjusted profit and earnings per share information that excludes separately disclosed items to allow a better understanding of the trading of the Group. Separately disclosed items are those which are separately identified by virtue of their size or incidence.

	Statutory		**Adjusted**[a]	
	HY 2021 £m	**HY 2020 £m**	**HY 2021 £m**	**HY 2020 £m**
Revenue	219	1,039	219	1,039
Operating (loss)/profit	(132)	(51)	(124)	108
(Loss)/profit before tax	(200)	(121)	(192)	38
(Loss)/Earnings per share[1]	(33.0)p	(22.6)p	(31.8)p	6.5p
Operating margin	(60.3)%	(4.9)%	(56.6)%	10.4%

[1] (Loss)/earnings per share for the comparative periods have been restated to reflect the bonus element of the Open Offer share issue completed on 12 March 2021.

At the end of the period, the total estate comprised 1,735 sites in the UK and Germany of which 1,649 are directly managed.

Revenue

Total revenue of £219m (HY 2020 £1,039m) was 78.9% lower than last year due to restrictions on trading.

During the first 14 weeks of the period some level of restricted trading was possible for parts of the estate. During this period like-for-like sales[a] (for those sites open) were 30.1 below prior year levels with food sales[a] down by 20.7% and drink sales[a] down by 40.3%.

At the end of December, the estate entered a mandated closure for the third time, with the full national lockdown subsequently enforced from 4 January. No further sales were therefore recorded.

Separately disclosed items

Separately disclosed items are identified due to their nature or materiality to help the reader form a better view of overall and adjusted trading.

A charge of £5m was recognised in relation to stock write offs as a result of Covid-19 mandated closure and a £3m past service cost in relation to guaranteed minimum pensions (GMPs) equalisation for the defined benefit pension schemes.

Operating profit and margins[a]

The significant impact of Covid-19 closures and restrictions resulted in an adjusted operating loss[a] of £124m (HY 2020 adjusted profit £108m). Throughout the closure periods operating costs have been kept to a minimum and over 99% of employees have been on furlough, amounting to £175m of Government support for employees through furlough grants during the period. Support to the Group itself has continued in the form of a holiday from business rates, which is worth £51m across the half year, and a reduction in the rate of VAT to 5% on non-alcoholic sales.

Statutory operating margin of (60.3)% was 55.4ppts lower than last year, impacted by the significant closures and other trading restrictions. Adjusted operating margin[a] for the half year was 67.0ppts lower than last year at (56.6)%.

Interest

Net finance costs of £67m for the half year were £1m lower than last year. The net pensions finance charge was £1m (HY 2020 £2m). The charge for the full year is expected to be £3m.

The Group notes the requirement to transition the basis of future rates of interest on securitised bonds, the liquidity facility and swaps away from LIBOR ahead of the cessation of publication of that index. This transition is being reviewed with a view to seeking agreement with relevant stakeholders by the end of the year.

Earnings per share

Basic loss per share, after the separately disclosed items described above, were (33.0)p (HY 2020 (22.6)p), adjusted (loss)/earnings per share[a] were (31.8)p (HY 2020 6.5p). (Loss)/earnings per share for comparative periods have been restated to reflect the bonus element of the Open Offer share issue (see note 8).

The basic weighted average number of shares in the period was 500m and the total number of shares issued at the balance sheet date was 596m, following the equity raise and subsequent issue of an additional 167m shares.

Cash flow

	HY 2021 £m	HY 2020 £m
EBITDA before movements in the valuation of the property portfolio	(57)	182
Non-cash share-based payment and pension costs and other	6	2
Operating cash flow before adjusted items, movements in working capital and additional pension contributions	**(51)**	**184**
Working capital movement	(85)	(34)
Pension deficit contributions	(13)	(25)
Cash flow from operations	**(149)**	**125**
Capital expenditure	(16)	(82)
Net finance lease principal payments	(18)	(12)
Interest on lease liabilities	(9)	(6)
Net interest paid	(53)	(55)
Tax	1	(16)
Issue of shares	342	2
Other	(2)	(3)
Drawings under liquidity facility	49	-
(Repayment) of term loan	(100)	-
(Repayment)/drawdown of revolving credit facilities	(10)	150
Net cash flow before bond amortisation	35	103
Mandatory bond amortisation	(51)	(45)
Net cash flow before dividends	**(16)**	**58**

The business generated a loss of £57m of EBITDA before movements in the valuation of the property portfolio.

The working capital movement reflects significant periods of closure with continued supplier, landlord and HMRC commitments due. £28m of the movement is due to an increase in the Coronavirus Job Retention Scheme receivable.

Share issue proceeds reflect the equity raise of £351m less £9m transaction fees.

Capital expenditure

Capital expenditure of £16m (HY 2020 £82m) comprises £15m from the purchase of property, plant and equipment and £1m in relation to the purchase of intangible assets. Capital expenditure was significantly below historic levels as part of the cash management strategy in response to Covid-19. Of the £15m spend, £7m relates to essential maintenance and infrastructure, with the balance being the completion of committed acquisitions and outstanding remodels.

As all sites have continued to be impacted by restrictions and closures, we do not believe it will be possible to calculate a current and meaningful return on previous investment.

Pensions

The Group continues to make pension deficit payments as agreed as part of the triennial pensions valuation with the schemes' Trustees at 31 March 2019, which showed an actuarial deficit of £293m. It was agreed that the deficit would continue to be funded by cash contributions of £49m per annum indexed with RPI from 2016 to 2023.

During the last financial year, the Group agreed with the Trustees that the contributions into the Mitchells & Butlers Pension Plan and the Mitchells & Butlers Executive Pension Plan would be suspended in respect of the monthly contributions for the six months to September 2020 and those contributions have been added onto the end of the agreed recovery plan so that those contributions will be payable in 2023. During the current period an additional agreement was reached with the trustee to delay monthly contributions from January to March 2021, inclusive, with these now being paid, albeit after the interim date.

In 2024 an additional payment of £13m will be made into escrow, should such further funding be required at that time.

The court hearing in relation to the rate of inflation to be applied to pensions increases for certain sections of the membership in excess of the guaranteed minimum pensions is expected to start during Summer 2021.

Net debt and facilities

Following the adoption of IFRS16 in the prior period, leases are now included in net debt. Net debt at the period end was £1,472m, excluding lease liabilities of £542m (HY 2020 £1,615m excluding lease liabilities of £543m).

On 14 February, the Group reached agreement with its three relationship banks for a new £150 million 3-year unsecured facility. In addition, extended waivers and then amendments until January 2023 were agreed within the Group securitisation to provide flexibility and stability to manage the secured financing structure. Without these extensions certain breaches would have resulted due to the ongoing impact of Covid-19 and the measures taken to stem the spread of the virus. Both the unsecured and secured financing agreements were conditional on completion of the Open Offer. In addition, on completion of the Open Offer the full £100m of the CLBILS term loans was repaid. The details of these arrangements and an analysis of net debt can be found in note 11 to the financial statements.

In securing these valuable amendments the Group has agreed not to pay an external dividend, undertake any share buy-backs or repurchase bond debt until January 2023 at the earliest.

Further details can be found at https://www.mbplc.com/infocentre/debtinformation/.

Director's responsibility statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as required by DTR 4.2.4R and to the best of their knowledge gives a true and fair view of the information required by DTR 4.2.4R;
- The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first 28 weeks and description of principal risks and uncertainties for the remaining 24 weeks of the year); and
- The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This responsibility statement was approved by the Board of Directors on 18 May 2021 and is signed on its behalf by:
Tim Jones
Chief Financial Officer
18 May 2021

Definitions

a – The Directors use a number of alternative performance measures (APMs) that are considered critical to aid the understanding of the Group's performance. Key measures are explained later in this announcement.

GROUP CONDENSED INCOME STATEMENT
for the 28 weeks ended 10 April 2021

	Notes	**2021 28 weeks (Unaudited)** Before separately disclosed items[a] £m	**2021 28 weeks (Unaudited)** Total £m	2020 28 weeks (Unaudited) Before separately disclosed items[a] £m	2020 28 weeks (Unaudited) Total £m	2020 52 weeks (Audited) Before separately disclosed items[a] £m	2020 52 weeks (Audited) Total £m
Revenue	3	**219**	**219**	1,039	1,039	1,475	1,475
Operating costs before depreciation, amortisation and movements in the valuation of the property portfolio		**(268)**	**(276)**	(846)	(857)	(1,221)	(1,219)
Share in associates results		**-**	**-**	-	-	(1)	(1)
EBITDA[b] before movements in the valuation of the property portfolio		**(49)**	**(57)**	193	182	253	255
Depreciation, amortisation and movements in the valuation of the property portfolio		**(75)**	**(75)**	(85)	(233)	(154)	(247)
Operating (loss)/profit		**(124)**	**(132)**	108	(51)	99	8
Finance costs	6	**(67)**	**(67)**	(69)	(69)	(128)	(128)
Finance income	6	**-**	**-**	1	1	1	1
Net pensions finance charge	6,12	**(1)**	**(1)**	(2)	(2)	(4)	(4)
(Loss)/profit before tax		**(192)**	**(200)**	38	(121)	(32)	(123)
Tax credit/(charge)	7	**33**	**35**	(7)	14	5	11
(Loss)/profit for the period		**(159)**	**(165)**	31	(107)	(27)	(112)
(Loss)/earnings per ordinary share (restated)[c]**:**	8						
Basic		**(31.8)p**	**(33.0)p**	6.5p	(22.6)p	(5.7)p	(23.6)p
Diluted		**(31.8)p**	**(33.0)p**	6.5p	(22.6)p	(5.7)p	(23.6)p

a Separately disclosed items are explained and analysed in note 4.
b Earnings/(loss) before interest, tax, depreciation, amortisation and movements in the valuation of the property portfolio.
c (Loss)/earnings per share for the comparative periods have been restated to reflect the bonus element of the Open Offer share issue completed on 12 March 2021.

All results relate to continuing operations.

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)
for the 28 weeks ended 10 April 2021

	Notes	**2021 28 weeks £m (Unaudited)**	2020 28 weeks £m (Unaudited)	2020 52 weeks £m (Audited)
Loss for the period		**(165)**	(107)	(112)
Items that will not be reclassified subsequently to profit or loss:				
Unrealised loss on revaluation of the property portfolio	9	**-**	(392)	(148)
Remeasurement of pension liabilities	12	**8**	5	3
Tax (charge)/credit relating to items not reclassified	7	**(1)**	42	1
		7	(345)	(144)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		**(1)**	-	-
Cash flow hedges:				
- Gains/(losses) arising during the period		**31**	(13)	(43)
- Reclassification adjustments for items included in profit or loss		**35**	21	48
Tax (charge)/credit relating to items that may be reclassified	7	**(13)**	4	5
		52	12	10
Other comprehensive income/(expense) after tax		**59**	(333)	(134)
Total comprehensive expense for the period		**(106)**	(440)	(246)

GROUP CONDENSED BALANCE SHEET

10 April 2021

	Notes	**2021 10 April £m (Unaudited)**	2020 11 April £m (Unaudited)	2020 26 September £m (Audited)
ASSETS				
Goodwill and other intangible assets	9	**14**	15	14
Property, plant and equipment	9	**4,263**	4,029	4,305
Right-of-use assets	10	**405**	435	402
Interests in associates		**4**	5	4
Finance lease receivables		**14**	17	15
Deferred tax asset		**107**	77	85
Derivative financial instruments	13	**29**	50	45
Total non-current assets		**4,836**	4,628	4,870
Inventories		**14**	20	22
Trade and other receivables		**66**	62	41
Current tax assets		**-**	4	1
Finance lease receivables		**2**	1	2
Cash and cash equivalents	11	**144**	191	173
Derivative financial instruments	13	**-**	1	-
Total current assets		**226**	279	239
Total assets		**5,062**	4,907	5,109
LIABILITIES				
Pension liabilities	12	**(64)**	(51)	(51)
Trade and other payables		**(243)**	(293)	(314)
Current tax liabilities		**(1)**	-	-
Borrowings	11	**(168)**	(251)	(238)
Lease liabilities	10	**(69)**	(52)	(58)
Derivative financial instruments	13	**(38)**	(37)	(40)
Total current liabilities		**(583)**	(684)	(701)
Pension liabilities	12	**(114)**	(137)	(142)
Borrowings	11	**(1,477)**	(1,605)	(1,542)
Lease liabilities	10	**(473)**	(491)	(483)
Derivative financial instruments	13	**(192)**	(257)	(257)
Deferred tax liabilities		**(302)**	(248)	(302)
Provisions		**(7)**	(3)	(5)
Total non-current liabilities		**(2,565)**	(2,741)	(2,731)
Total liabilities		**(3,148)**	(3,425)	(3,432)
Net assets		**1,914**	1,482	1,677
EQUITY				
Called up share capital	14	**51**	37	37
Share premium account		**356**	28	28
Capital redemption reserve		**3**	3	3
Revaluation reserve		**1,117**	918	1,117
Own shares held		**(4)**	(4)	(3)
Hedging reserve		**(187)**	(238)	(240)
Translation reserve		**13**	14	14
Retained earnings		**565**	724	721
Total equity		**1,914**	1,482	1,677

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

for the 28 weeks ended 10 April 2021

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Revaluation reserve £m	Own shares held £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	**Total equity £m**
At 29 September 2019 (Audited)	37	26	3	1,267	(4)	(250)	14	830	**1,923**
Loss for the period	-	-	-	-	-	-	-	(107)	**(107)**
Other comprehensive (expense)/income	-	-	-	(349)	-	12	-	4	**(333)**
Total comprehensive (expense)/income	-	-	-	(349)	-	12	-	(103)	**(440)**
Share capital issued	-	2	-	-	-	-	-	-	**2**
Purchase of own shares	-	-	-	-	(3)	-	-	-	**(3)**
Release of own shares	-	-	-	-	3	-	-	(3)	**-**
Credit in respect of share-based payments	-	-	-	-	-	-	-	1	**1**
Tax charge on share-based payments	-	-	-	-	-	-	-	(1)	**(1)**
At 11 April 2020 (Unaudited)	**37**	**28**	**3**	**918**	**(4)**	**(238)**	**14**	**724**	**1,482**
Loss for the period	-	-	-	-	-	-	-	(5)	**(5)**
Other comprehensive income/(expense)	-	-	-	199	-	(2)	-	2	**199**
Total comprehensive income/(expense)	-	-	-	199	-	(2)	-	(3)	**194**
Purchase of own shares	-	-	-	-	1	-	-	-	**1**
Credit in respect of share-based payments	-	-	-	-	-	-	-	1	**1**
Tax charge on share-based payments	-	-	-	-	-	-	-	(1)	**(1)**
At 26 September 2020 (Audited)	**37**	**28**	**3**	**1,117**	**(3)**	**(240)**	**14**	**721**	**1,677**
Loss for the period	-	-	-	-	-	-	-	(165)	**(165)**
Other comprehensive income/(expense)	-	-	-	-	-	53	(1)	7	**59**
Total comprehensive income/(expense)	-	-	-	-	-	53	(1)	(158)	**(106)**
Share capital issued	14	328	-	-	-	-	-	-	**342**
Purchase of own shares	-	-	-	-	(1)	-	-	-	**(1)**
Credit in respect of share-based payments	-	-	-	-	-	-	-	1	**1**
Tax credit on share-based payments	-	-	-	-	-	-	-	1	**1**
At 10 April 2021 (Unaudited)	**51**	**356**	**3**	**1,117**	**(4)**	**(187)**	**13**	**565**	**1,914**

GROUP CONDENSED CASH FLOW STATEMENT
for the 28 weeks ended 10 April 2021

	Notes	**2021 28 weeks £m (Unaudited)**	2020 28 weeks £m (Unaudited)	2020 52 weeks £m (Audited)
Cash flow from operations				
Operating (loss)/profit		**(132)**	(51)	8
Add back/(deduct):				
Movement in the valuation of the property portfolio		**-**	148	93
Net profit arising on property disposals		**-**	-	-
Depreciation of property, plant and equipment	9	**53**	61	110
Amortisation of intangibles		**2**	2	3
Depreciation of right-of-use assets	10	**20**	22	41
Cost charged in respect of share-based payments		**1**	1	2
Administrative pension costs	12	**2**	1	2
Past service cost in relation to the defined benefit pension obligation	12	**3**	-	-
Share of associates results		**-**	-	1
Operating cash flow before movements in working capital and additional pension contributions		**(51)**	184	260
Decrease in inventories		**8**	6	4
(Increase)/decrease in trade and other receivables		**(25)**	(10)	9
(Decrease)/increase in trade and other payables		**(68)**	(30)	6
Decrease in provisions		**-**	-	1
Additional pension contributions	12	**(13)**	(25)	(25)
Cash flow (used in)/from operations		**(149)**	125	255
Interest paid		**(53)**	(55)	(109)
Other interest paid – lease liabilities		**(9)**	(6)	(8)
Borrowing facility fees paid		**(1)**	-	(1)
Interest received		**-**	-	1
Tax received/(paid)		**1**	(16)	(11)
Net cash (used in)/from operating activities		**(211)**	48	127
Investing activities				
Purchases of property, plant and equipment		**(15)**	(79)	(104)
Purchases of intangible assets		**(1)**	(3)	(4)
Proceeds from sale of property, plant and equipment		**-**	-	2
Finance lease principal repayments received		**1**	-	2
Net cash used in investing activities		**(15)**	(82)	(104)
Financing activities				
Issue of ordinary share capital	14	**342**	2	2
Purchase of own shares		**(1)**	(3)	(3)
Repayment of principal in respect of securitised debt	11	**(51)**	(45)	(95)
Drawings under liquidity facility	11	**49**	-	9
(Repayment)/drawdown of term loan	11	**(100)**	-	100
(Repayment)/drawdown of unsecured revolving credit facilities	11	**(10)**	150	10
Cash payments for the principal portion of lease liabilities		**(19)**	(12)	(22)
Net cash from financing activities		**210**	92	1
Net (decrease)/increase in cash and cash equivalents	11	**(16)**	58	24
Cash and cash equivalents at the beginning of the period	11	**158**	133	133
Foreign exchange movements on cash		**(1)**	-	1
Cash and cash equivalents at the end of the period		**141**	191	158

Cash and cash equivalents are defined in note 11.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Basis of preparation
This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union.

The information for the 52 weeks ended 26 September 2020 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that period has been delivered to the Registrar of Companies and has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006, but did include a section highlighting a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern. This interim financial information should be read in conjunction with the Annual Report and Accounts 2020.

It is normal practice for the Company to request its auditor to complete a review of interim financial information. However, as a result of the Covid-19 pandemic and the UK national lockdown which commenced on 5 January 2021, all of the Group's pubs and restaurants remain closed at the interim date. As such, the interim financial information has not been reviewed by the Company's auditor pursuant to the Auditing Practices Board guidance on review of 'Interim Financial Information'.

Going concern
The persistence of continuing trading restrictions as a result of the Covid-19 pandemic cast a degree of uncertainty as to the future financial performance and cash flows of the Group. These have been considered by the Directors in assessing the ability of the Group to continue as a going concern.

During the first half of the year, on 22 February 2021, the Group launched an Open Offer to shareholders. This has now been completed, involving the issue of 167 million new shares at a price of 210p, resulting in an inflow of £351m of additional funds, gross of transaction costs, on 12 March 2021. This has significantly enhanced the financial position of the Group. Further, and contingent on this equity raise, the Group secured new debt arrangements by agreement with its main stakeholders which are now in force. In summary:

- The establishment of a new £150m 3 year unsecured revolving credit facility to replace the £150m of unsecured facilities due to expire in December 2021. CLBILS term loans of £100m, also due to expire in December 2021, have now been repaid and cancelled.

- Agreement to a number of waivers and amendments with Ambac Assurance UK Ltd, as controlling creditor, and HSBC Trustee (CI), as trustee, to the Group's secured debt financing structure.

In order to secure such amendments and waivers, the Group gave certain undertakings, including not to pay an external dividend until certain conditions are satisfied (which is unlikely before January 2023) and to provide funding into the securitisation in line with drawings on the Liquidity Facility.

Full details can be found in the prospectus issued with the Open Offer which is available on the Group's website.

After an extended period of closure the Group's sites re-opened fully for trade, on 17 May 2021, albeit with some continuing restrictions. In the year ahead the main uncertainty is considered to be the strength of recovery of sales which will depend on a number of factors including consumer demand and, particularly, the extent and duration of future mandated restrictions on trade.

The Directors have reviewed revised financing arrangements against a severe but plausible downside scenario forecast. This forecast assumes the full re-opening of the estate on 17 May 2021 in line with the current Government roadmap. This is then followed by an extended build back of activity, but with sales remaining materially below pre Covid-19 levels for the remainder of the financial year, and marginally below throughout FY22. Specifically, given the extent of the previous shutdown and following progress in vaccination roll-out this downside scenario assumes that there is not another wave of pandemic infection leading to a further period of forced closure or the re-imposition of material restrictions, and that future operating margins remain consistent with pre Covid-19 levels. Under this scenario the Group is able to stay within revised committed facility financial covenants and maintains sufficient liquidity.

1. GENERAL INFORMATION (CONTINUED)

Going concern (continued)
After due consideration of these factors the Directors believe that they have a reasonable expectation that the Group has sufficient resources to continue in operational existence for the 12 months from the date of approval of these condensed financial statements, and therefore continue to adopt the going concern in their preparation.

Accounting policies
The interim financial information has been prepared on a consistent basis using the accounting policies set out in the Annual Report and Accounts 2020.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, income and expense.

Estimates and judgements are periodically reviewed and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Details of the Group's critical accounting judgements and estimates are described within the relevant accounting policies set out in the Annual Report and Accounts 2020. Judgements and estimates for the interim period remain largely unchanged.

2. SEGMENTAL ANALYSIS

The Group trades in one business segment (that of operating pubs and restaurants). The Group's brands meet the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments and as such the Group reports the business as one reportable segment.

3. REVENUE

Revenue is analysed as follows:	**2021 28 weeks £m**	2020 28 weeks £m	2020 52 weeks £m
Food	**128**	535	782
Drink	**77**	467	645
Services	**14**	37	48
Total	**219**	1,039	1,475

The Group has benefitted from a reduction in the rate of VAT from 20% to 5% on non-alcoholic sales which was introduced by the UK Government on 15 July 2020 and will continue until 30 September 2021. Following this a rate of 12.5% will apply for the subsequent six months until 31 March 2022.

Revenue from services includes rent receivable from unlicensed properties and leased operations of £3m (2020 28 weeks £4m, 2020 52 weeks £7m).

4. SEPARATELY DISCLOSED ITEMS

In addition to presenting information on an IFRS basis, the Group also presents adjusted profit and earnings per share information that excludes separately disclosed items and the impact of any associated tax. Adjusted profitability measures are presented excluding separately disclosed items as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next. Adjusted profit and earnings per share information is used by management to monitor business performance against both shorter-term budgets and forecasts but also against the Group's longer-term strategic plans.

Judgement is used to determine those items which should be separately disclosed. This judgement includes assessment of whether an item is of sufficient size or of a nature that is not consistent with normal trading activities.

4. SEPARATELY DISCLOSED ITEMS (CONTINUED)

Separately disclosed items include movements in the valuation of the property portfolio as a result of the revaluation exercise of property, plant and equipment, impairment review of tenant's fixtures and fittings, impairment review of short leasehold and unlicensed properties, impairment review of right-of-use assets, revaluation of assets held for sale, past service cost in relation to the defined benefit pension obligation, VAT refund in relation to gaming duty and costs directly associated with the government enforced closure of pubs as a result of the Covid-19 pandemic.

	Notes	**2021 28 weeks £m**	2020 28 weeks £m	2020 52 weeks £m
Costs directly associated with the Covid-19 pandemic and enforced closure of pubs	a	**(5)**	(11)	(11)
Gaming machine settlement	b	**-**	-	13
Past service cost in relation to the defined benefit pension obligation	c	**(3)**	-	-
Total separately disclosed items recognised within operating costs		**(8)**	(11)	2
Movement in the valuation of the property portfolio:				
- Impairment arising from the revaluation of freehold and long leasehold properties	d	**-**	(127)	(43)
- Impairment of freehold and long leasehold tenant's fixtures and fittings	e	**-**	(3)	(10)
- Impairment of short leasehold and unlicensed properties	f	**-**	(2)	(7)
- Impairment of right-of-use assets	g	**-**	(16)	(33)
Net movement in the valuation of the property portfolio		**-**	(148)	(93)
Total separately disclosed items before tax		**(8)**	(159)	(91)
Tax credit relating to the above items		**2**	31	16
Tax charge relating to change in tax rate	h	**-**	(10)	(10)
Total separately disclosed items after tax		**(6)**	(138)	(85)

a Costs directly associated with the Covid-19 pandemic primarily relate to the disposal of stock items at site and within distribution depots that are beyond usable dates as a result of the Government enforced closure of pubs during periods of local and national lockdown. These costs are not considered to be part of normal trading activity.

b The income of £13m recognised in the prior period relates to a long-standing claim with HMRC, relating to VAT on gaming machines. HMRC first paid the Group £13m in May 2010 but following an appeal by HMRC, the Group repaid this in 2014. During the 52 weeks ended 26 September 2020, HMRC agreed to settle this amount with the Group. The amount recognised is the settlement value including estimated interest.

c On 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments since 17 May 1990 to check if any additional value is due as a result of guaranteed minimum pensions (GMPs) equalisition. This latest judgement follows on from the ruling regarding GMPs on 26 October 2018 and requires that schemes make a top-up payment to any member who exercised their statutory right to transfer benefits to an alternative scheme. The top-up payment should be the shortfall between the original transfer payments and what would have been paid if benefits had been equalised at the time, with interest in line with bank base rate plus 1% each year. The past service cost recognised in the current period is an estimate of the impact to the Group's schemes as a result of this ruling.

4. SEPARATELY DISCLOSED ITEMS (CONTINUED)

- d Impairment arising from the Group's revaluation of its freehold and long leasehold pub estate where the carrying values of the properties exceed their recoverable amount (see note 9).
- e Impairment of freehold and long leasehold tenant's fixtures and fittings where their carrying values exceed their recoverable amount (see note 9).
- f The impairment of short leasehold and unlicensed properties comprises an impairment charge, where the carrying values of the properties exceed their recoverable amount (see note 9).
- g Impairment of right-of-use assets where their carrying values exceed their recoverable amount (see note 10).
- h A deferred tax charge of £10m was recognised in the prior period following the substantive enactment of legislation on 17 March 2020 which increased the UK standard rate of corporation tax from 17% to 19% from 1 April 2020.

5. GOVERNMENT GRANTS

Coronavirus Job Retention Scheme (CJRS)
Under this scheme, HMRC reimburses up to 80% of the wages of certain employees who have been furloughed. The scheme is designed to compensate for staff costs, so amounts received are recognised in the income statement over the same period as the costs to which they relate. In the income statement, operating costs are shown net of grant income received. The scheme commenced on 20 March 2020 and will continue until 30 September 2021.

Business rates
Businesses in the retail, hospitality and leisure sectors in England were granted 100% business rates relief for the 2020/2021 rates year, covering the period from 1 April 2020 to 31 March 2021. An additional 3 months of 100% business rates relief has been granted to cover 1 April 2021 to 30 June 2021. Following this, it has been announced that business rates will be discounted by two-thirds from 1 July 2021 until 31 March 2022. However, this extended relief is capped at £2m for the Group.

Eat Out to Help Out
During August 2020, HMRC offered a 50% discount off food and non-alcoholic drinks, capped to £10 per person, when dining out between Monday and Wednesday. The Group participated in this scheme. In the income statement, food and drink revenue includes amounts received from HMRC in respect of the scheme.

The impact of grants received on the income statement is as follows:

Government grant scheme	**Income statement line impact**	**2021 28 weeks £m**	2020 28 weeks £m	2020 52 weeks £m
Eat Out to Help Out	Revenue	**-**	-	30
Coronavirus Job Retention Scheme	Operating costs before separately disclosed items	**175**	-	165
Total Government grants received		**175**	-	195

In addition to the grants received above, during the prior period, the UK Government announced 100% rate relief for all pubs and restaurants for the business rates year 2020/2021, covering the period from 1 April 2020 to 31 March 2021. During the current period, the UK Government announced an additional 3 months of 100% business rates relief to cover 1 April 2021 to 30 June 2021. The impact in the current period is an estimated saving of £51m (2020 28 weeks £3m, 2020 52 weeks £47m).

Although this has not been quantified, the Group has benefitted from a reduction in the rate of VAT from 20% to 5% on non-alcoholic sales which was introduced by the UK Government on 15 July 2020 and will continue until 30 September 2021. Following this a rate of 12.5% will apply for the subsequent six months until 31 March 2022.

6. FINANCE COSTS AND FINANCE INCOME

	2021 28 weeks £m	2020 28 weeks £m	2020 52 weeks £m
Finance costs			
Interest on securitised debt	**(54)**	(57)	(105)
Interest on other borrowings	**(4)**	(2)	(6)
Interest on lease liabilities	**(9)**	(10)	(17)
Total finance costs	**(67)**	(69)	(128)
Finance income			
Interest receivable – cash	**-**	1	1
Net pensions finance charge (note 12)	**(1)**	(2)	(4)

7. TAXATION

The taxation charge for the 28 weeks ended 10 April 2021 has been calculated by applying an estimate of the annual effective tax rate before separately disclosed items of 17.5% (2020 28 weeks, 19.3%). The annual effective tax rate for the current period is lower than the statutory rate of 19.0% due to adjustments in respect of prior periods.

Tax credit in the income statement	**2021 28 weeks £m**	2020 28 weeks £m	2020 52 weeks £m
Current tax:			
- UK corporation tax	**-**	-	-
- Amounts over provided in prior periods	**-**	-	2
Total current tax credit	**-**	-	2
Deferred tax:			
- Origination and reversal of temporary differences	**38**	24	21
- Effect of changes in UK tax rate	**-**	(10)	(10)
- Adjustments in respect of prior periods	**(3)**	-	(2)
Total deferred tax credit	**35**	14	9
Total tax credit in the income statement	**35**	14	11
Further analysed as tax relating to:			
Profit before separately disclosed items	**33**	(7)	5
Separately disclosed items	**2**	21	6
	35	14	11

7. TAXATION (CONTINUED)

Tax relating to items recognised in other comprehensive income/(expense)	**2021 28 weeks £m**	2020 28 weeks £m	2020 52 weeks £m
Deferred tax:			
Items that will not be reclassified subsequently to profit or loss:			
- Unrealised gains/(losses) due to revaluations – revaluation reserve	**-**	43	(2)
- Unrealised (losses)/gains due to revaluations – retained earnings	**-**	(1)	1
- Rolled over and held over gains – retained earnings	**-**	(7)	(6)
- Remeasurement of pension liabilities	**(1)**	7	8
	(1)	42	1
Items that may be reclassified subsequently to profit or loss:			
- Cash flow hedges	**(13)**	4	5
Total tax (charge)/credit recognised in other comprehensive income	**(14)**	46	6

The tax credit in the interim financial statements is wholly attributable to deferred tax as the full year results are expected to be an overall allowable tax loss and no corporation tax is expected to be payable for the 52 weeks ended 25 September 2021.

The Finance Act 2016 reduced the main rate of corporation tax from 19% to 17% from 1 April 2020.

The Finance Act 2020 maintained the main rate of corporation tax rate at 19% from 1 April 2020, overriding the Finance Act 2016. The effect of this change has been reflected in the closing deferred tax balances at 11 April 2020 and 26 September 2020.

On 3 March 2021 the Government announced that the main rate of corporation tax would increase to 25% with effect from 1 April 2023. This tax rate increase had not been substantively enacted at the interim balance sheet date and therefore has not been reflected in the interim financial statements. If the increase had been enacted at the interim date, the deferred tax asset would increase by £95m and the deferred tax liability would increase by £24m.

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share (EPS) has been calculated by dividing the (loss)/profit for the financial period by the weighted average number of ordinary shares in issue during the period, excluding own shares held by employee share trusts.

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume conversion of all potentially dilutive ordinary shares.

Adjusted (loss)/earnings per ordinary share amounts are presented before adjusted items (see note 4) in order to allow a better understanding of the adjusted trading performance of the Group.

Basic and diluted (loss)/earnings per share figures for the comparative periods have been restated for the bonus factor of 1.109 to reflect the bonus element of the Open Offer share issue (see note 14), in accordance with IAS 33 Earnings per Share. Amounts as originally stated at 26 September 2020 were (26.2)p basic loss per share and (6.3)p basic adjusted loss per share. Amounts originally stated at 10 April 2020 were (25.0)p basic loss per share and 7.2p basic adjusted earnings per share.

The number of shares used for the (loss)/earnings per share calculations are as follows:

	2021 28 weeks million	2020 28 weeks (restated) million	2020 52 weeks (restated) million
Basic weighted average number of ordinary shares	**500**	474	474
Effect of dilutive potential ordinary shares:			
- Contingently issuable shares	**-**	-	-
- Other share options	**-**	-	-
Diluted weighted average number of shares	**500**	474	474

At 10 April 2021, 3,144,778 (2020 28 weeks 2,814,978, 2020 52 weeks 2,797,479) share options were outstanding that could potentially dilute basic EPS in the future but were not included in the calculation of diluted EPS are they are anti-dilutive for the periods presented.

The (losses)/profits used for the (loss)/earnings per share calculations are as follows:

	2021 28 weeks £m	2020 28 weeks £m	2020 52 weeks £m
Loss for the period	**(165)**	(107)	(112)
Separately disclosed items net of tax	**6**	138	85
Adjusted (loss)/profit for the period	**(159)**	31	(27)

	2021 28 weeks pence	2020 28 weeks (restated) pence	2020 52 weeks (restated) pence
Basic earnings/(loss) per share			
Basic loss per share	**(33.0)**	(22.6)	(23.6)
Separately disclosed items net of tax per share	**1.2**	29.1	17.9
Adjusted basic (loss)/earnings per share	**(31.8)**	6.5	(5.7)
Diluted earnings/(loss) per share			
Diluted loss per share	**(33.0)**	(22.6)	(23.6)
Adjusted diluted (loss)/earnings per share	**(31.8)**	6.5	(5.7)

9. PROPERTY, PLANT AND EQUIPMENT

	2021 10 April £m	2020 11 April £m	2020 26 September £m
At beginning of period	**4,305**	4,528	4,528
Additions	**13**	88	97
Decrease as a result of the revaluation and impairment review	**-**	(524)	(208)
Disposals	**(2)**	(2)	(2)
Depreciation provided during the period	**(53)**	(61)	(110)
At end of period	**4,263**	4,029	4,305

Revaluation and impairment

At 10 April 2021, all of the Group's pubs and restaurants remained closed under the latest national lockdown. Due to the extended period of closure since the prior reporting date of 26 September 2020, this is considered to be a potential indicator of impairment of the Group's property, plant and equipment. As such, the revaluation and impairment approaches have been considered as follows.

Revaluation of freehold and long leasehold properties

Critical accounting judgements

The revaluation methodology is determined using management judgement, with advice from third-party valuers (CBRE) involving the application of a valuation multiple to the level of fair maintainable trade ('FMT') of each site.

At the prior period reporting date of 26 September 2020, judgement was applied to determine the most appropriate measure of site level FMT. Given numerous trading restrictions impacting all sites as well as a significant period of mandated closure, FMT was determined by reference to the trading performance up to March 2020, the point of the first full lockdown following the emergence of Covid-19, in conjunction with the previous two years of trading performance.

At the interim date of 10 April 2021, given further periods of enforced closure which have persisted throughout the majority of the first half of the financial year, the March 2020 trading performance is still considered to be the most appropriate measure of site level FMT.

In the prior period, CBRE reduced the property multiples for certain brands to take into account the expected market impact of Covid-19. Multiples have been reviewed at the interim date in conjunction with CBRE and are still considered to be appropriate.

In addition, after application of a valuation multiple to provide a site valuation, an income shortfall deduction was made to reduce the resulting property valuations by the difference between the FMT and the value of the Covid-19 impacted site annual forecast for FY21. This methodology continues to be applied at the interim date. A revised annual profit forecast for H2 FY21 and H1 FY22 has been applied, generating a movement in the income shortfall deduction which is offset by depreciation charged in H1 FY21. The net result is therefore an immaterial movement against net book value.

Given both the FMT and property multiples used at the prior reporting date remain constant at the interim date, and the movement in the income shortfall deduction is offset by depreciation charged in H1 FY21, management have concluded that a full estate valuation is not required at the interim date.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment review
The fair value of tenant's fixtures and fittings are removed from the valuation of freehold and long leasehold properties and are subsequently reviewed for impairment by comparing the recoverable amount to their carrying values. The recoverable amount is the higher of fair value less costs to sell or value in use. Any resulting impairment relates to sites with poor trading performance, where the output of the calculation is insufficient to justify their current net book value.

Short leasehold and unlicensed properties (comprising land and buildings and fixtures, fittings and equipment) which are not revalued to fair market value, are reviewed for impairment by comparing the site recoverable amount to their carrying values. The recoverable amount is the higher of fair value less costs to sell or value in use. Any resulting impairment relates to sites with poor trading performance, where the output of the calculation is insufficient to justify their current net book value.

Value in use calculations use forecast trading performance cash flows, which are discounted by applying a pre-tax discount rate of 8.8% (2020 28 weeks 8.1%, 52 weeks 9.9%) and a long term growth rate of 1.0% (2020 28 weeks 0.0%, 52 weeks 0.0%). At the interim date, the value in use calculations include an estimate of the impact of the expected remaining closure period and subsequent build up in trade post re-opening, as a direct result of the Covid-19 pandemic.

Critical accounting judgements
Judgement is required when assessing whether a short leasehold property or tenant's fixtures and fittings should be impaired as this requires management to determine the most reliable source for the basis of future income.

In the current and prior periods, judgement has been applied to determine the most appropriate forecast to use as a result of the impact of Covid-19 on site profitability. Management apply judgement when allocating overhead costs to site cash flows, with an overhead allocation being made only for those costs that can be directly attributable to a site on a consistent basis. Site level forecasts, including the allocation of directly attributable overhead costs, have been used that formed the basis of the overall Group forecast for both FY 2021 and FY 2022, that was in place at the interim balance sheet date.

Following a review of the interim impairment output, management have concluded that no additional impairment is required at the balance sheet date.

The impact of the revaluation and impairment review in prior periods is as follows:

	2021 28 weeks £m	2020 28 weeks £m	2020 52 weeks £m
Group income statement			
Revaluation deficit charged as an impairment	-	(153)	(93)
Reversal of past revaluation deficits	-	26	50
Total impairment arising from the revaluation	-	(127)	(43)
Impairment of short leasehold and unlicensed properties	-	(2)	(7)
Impairment of freehold and long leasehold tenant's fixtures and fittings	-	(3)	(10)
Total impairment of short leasehold, unlicensed properties and tenant's fixtures and fittings	-	(5)	(17)
	-	(132)	(60)
Revaluation reserve			
Unrealised revaluation surplus	-	29	77
Reversal of past revaluation surplus	-	(421)	(225)
	-	(392)	(148)
Net decrease in property, plant and equipment	-	(524)	(208)

Goodwill and other intangible assets
Goodwill and other intangible assets at 10 April 2021 comprise goodwill of £2m (11 April 2020 £2m, 26 September 2020 £2m) and computer software of £12m (11 April 2020 £13m, 26 September 2020 £12m).

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital commitments
The total amount contracted for but not provided in the financial statements was £6m (11 April 2020 £9m, 26 September 2020 £9m).

10. LEASES

Right-of-use assets

	2021 10 April £m	2020 11 April £m	2020 26 September £m
At start of period	**402**	-	-
Transition to IFRS 16	**-**	466	466
Additions	**24**	7	10
Decrease as result of the impairment review	**-**	(16)	(33)
Disposals	**-**	-	(1)
Depreciation provided during the period	**(20)**	(22)	(41)
Foreign currency movements	**(1)**	-	1
At end of period	**405**	435	402

Impairment of right-of-use assets
Right-of-use assets are reviewed for impairment by comparing site recoverable amounts to their carrying values. Any resulting impairment relates to sites with poor forecast trading performance, where their estimated recoverable amount is insufficient to justify their current net book value. For practical reasons the impairment review of right-of-use assets is performed simultaneously with the impairment review of short leasehold assets classified within property, plant and equipment, as an individual site is a single cash generating unit. Recoverable amount is the higher of fair value less costs to sell or value in use.

The methodology and critical accounting judgements used for this impairment review are explained in note 9. Following a review of the interim impairment output, management have concluded that no additional impairment is required at the balance sheet date.

Lease liabilities
An analysis of lease liabilities recognised are as follows:

	10 April 2021 £m	11 April 2020 £m	26 September 2020 £m
Current liabilities	**69**	52	58
Non current liabilities	**473**	491	483
Total lease laibilities	**542**	543	541

11. BORROWINGS AND NET DEBT

Borrowings

	10 April 2021 £m	11 April 2020 £m	26 September 2020 £m
Current			
Securitised debt	**107**	101	104
Term loan	**-**	-	100
Liquidity facility	**58**	-	9
Unsecured revolving credit facilities	**-**	150	10
Overdraft	**3**	-	15
Total current	**168**	251	238
Non-current			
Securitised debt	**1,477**	1,605	1,542
Total borrowings	**1,645**	1,856	1,780

Net debt

	2021 10 April £m	2020 11 April £m	2020 26 September £m
Cash and cash equivalents	**144**	191	173
Overdraft	**(3)**	-	(15)
Cash and cash equivalents as presented in the cashflow statement[a]	**141**	191	158
Securitised debt	**(1,584)**	(1,706)	(1,646)
Term loan	**-**	-	(100)
Unsecured revolving credit facility	**-**	(150)	(10)
Liquidity facility	**(58)**	-	(9)
Derivatives hedging balance sheet debt[b]	**29**	50	44
Net debt excluding leases	**(1,472)**	(1,615)	(1,563)
Lease liabilities	**(542)**	(543)	(541)
Net debt including leases	**(2,014)**	(2,158)	(2,104)

a Cash and cash equivalents in the cash flow statement are presented net of an overdraft within a cash pooling arrangement, to which the Group has a legal right of offset.

b Represents the proportion of the fair value of the currency swap that is hedging the balance sheet value of the Group's US dollar denominated A3N loan notes. This amount is disclosed separately to remove the impact of exchange rate movements which are included in the securitised debt amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term highly liquid deposits with an original maturity at acquisition of three months or less. Cash held on deposit with an original maturity at acquisition of more than three months is disclosed as other cash deposits. In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

11. BORROWINGS AND NET DEBT (CONTINUED)

Net debt
Net debt comprises cash and cash equivalents, cash deposits net of borrowings and discounted lease liabilities. Net debt is presented on a constant currency basis, due to the inclusion of the fixed exchange rate component of the cross currency swap. Cash flows on the interest rate and cross currency swaps are shown within interest paid in the Group cash flow statement.

Securitised debt
On 13 November 2003, the Group refinanced its debt by raising £1,900m through a securitisation of the majority of its UK pubs and restaurants owned by Mitchells & Butlers Retail Limited. On 15 September 2006 the Group completed a further debt ('tap') issue to borrow an additional £655m and refinance £450m of existing debt at lower cost. The notes are secured on the majority of the Group's property and future income streams therefrom. All of the floating rate notes are hedged using interest rate swaps which fix the interest rate payable.

The overall cash interest rate payable on the loan notes is 6.3% (11 April 2020 6.3%, 26 September 2020 6.3%) after taking account of interest rate hedging and the cost of the financial guarantee provided by Ambac Assurance UK Limited (Ambac). Ambac acts as a guarantor of the Group's obligations to repay interest and principal on the loan notes. In the event that the Group is unable to pay such amounts the guarantee is limited to the Class A1N, A3N, A4 and Class AB note holders only.

The securitisation is governed by various covenants, warranties and events of default, many of which apply to Mitchells & Butlers Retail Limited, the Group's main operating subsidiary. These include covenants regarding the maintenance and disposal of securitised properties and restrictions on its ability to move cash, by way of dividends for example, to other Group companies.

During the prior period, and as a result of the Covid-19 pandemic, material trading restrictions were imposed on the Group and the sector, including mandated closure for over three months. Mitigating action was swiftly taken and this included agreeing revised arrangements in the secured financing structure with the consent of the controlling creditor of the securitisation and the securitisation trustee. As a result a series of amendments and waivers to the securitisation covenants were obtained, as detailed in the Annual Report and Accounts 2020. During the current period a series of further amendements and waivers to the securitisation covenants were obtained as follows:

- a further waiver of, and amendment to, the 30 day suspension of business provision, where the suspension has arisen because of the ongoing enforced closure during the Covid-19 pandemic;

- a waiver of the two quarter look-back debt service coverage ratio test up until April 2022 and a waiver of the four quarter look-back debt service coverage ratio test up until July 2022, with both tests then performed at revised lower levels until full reinstatement in January 2023;

- a waiver to facilitate drawings of up to £110m in total under the Liquidity Facility providing the Group with additional facilities in order to meet payments of principal and interest, provided such drawings are repaid in full at the end of December 2021.

At 10 April 2021, Mitchells & Butlers Retail Limited had cash and cash equivalents of £36m (11 April 2020 £47m, 26 September 2020 £63m). Of this amount £1m (11 April 2020 £1m, 26 September 2020 £1m), representing disposal proceeds, was held on deposit in an account over which there are a number of restrictions. The use of this cash requires the approval of the securitisation trustee and may only be used for certain specified purposes such as capital enhancement expenditure and business acquisitions.

11. BORROWINGS AND NET DEBT (CONTINUED)

The carrying value of the securitised debt in the Group balance sheet is analysed as follows:

	2021 10 April £m	2020 11 April £m	2020 26 September £m
Principal outstanding at beginning of period	**1,647**	1,753	1,753
Principal repaid during the period	**(51)**	(45)	(95)
Exchange on translation of dollar loan notes	**(15)**	(5)	(11)
Principal outstanding at end of period	**1,581**	1,703	1,647
Deferred issue costs	**(3)**	(4)	(4)
Accrued interest	**6**	7	3
Carrying value at end of period	**1,584**	1,706	1,646

Liquidity facility

Under the terms of the securitisation, the Group holds a liquidity facility of £295m provided by two counterparties.

During the prior period, as a result of the Covid-19 pandemic, the Group obtained a waiver to facilitate drawings of up to £100m in total under the liquidity facility, providing the Group with additional facilities in order to meet payments of principal and interest, provided such drawings were repaid in full by 15 March 2021. This waiver has been extended during the current period, such that full repayment was not required by 15 March 2021 and further drawings can be made on15 June 2021 (subject to no more than £110m outstanding at any time), with all drawings now required to be repaid in full by 15 December 2021.

The amount drawn at 10 April 2021 is £58m (11 April 2020 £nil, 26 September 2020 £9m).

Unsecured revolving credit facilities

At the start of the period the Group held unsecured committed revolving credit facilities totalling £150m (comprising three £50m bilateral facilities) and an uncommitted overdraft facility of £5m, available for general corporate purposes. The full £150m of unsecured committed facilities were repaid and cancelled on 12 March 2021 and replaced with a single unsecured committed revolving credit facility of £150m. The new committed facility expires on 14 February 2024. The amount drawn at 10 April 2021 is £nil (11 April 2020 £150m, 26 September 2020 £10m).

Term loan backed by the Coronavirus Large Business Interruption Loan Scheme

In June 2020, the group entered into two new facilities of £50m each, backed by the UK Government Coronavirus Large Business Interruption Loan Scheme. During the period these facilities were repaid and cancelled. The amount drawn at 10 April 2021 is £nil. (11 April 2020 £nil, 26 September 2020 £100m.)

11. BORROWINGS AND NET DEBT (CONTINUED)

Movement in net debt excluding leases

	2021 28 weeks £m	2020 28 weeks £m	2020 52 weeks £m
Net (decrease)/increase in cash and cash equivalents	**(16)**	58	24
Add back cash flows in respect of other components of net debt:			
- Repayment of principal in respect of securitised debt	**51**	45	95
- Repayment/(drawdown) of term loan	**100**	-	(100)
- Repayment/(drawdown) on unsecured revolving credit facilities	**10**	(150)	(10)
- Drawdown of liquidity facility	**(49)**	-	(9)
Decrease/(increase) in net debt arising from cash flows	**96**	(47)	-
Movement in capitalised debt issue costs net of accrued interest	**(4)**	(4)	-
Decrease/(increase) in net debt excluding leases	**92**	(51)	-
Opening net debt excluding leases	**(1,563)**	(1,564)	(1,564)
Foreign exchange movements on cash	**(1)**	-	1
Closing net debt excluding leases	**(1,472)**	(1,615)	(1,563)

Movement in lease liabilities

	2021 28 weeks £m	2020 28 weeks £m	2020 52 weeks £m
Opening lease liabilities	**(541)**	-	-
Transition to IFRS 16	**-**	(545)	(545)
Additions	**(22)**	(6)	(10)
Interest charged during the period	**(9)**	(10)	(17)
Repayment of principal and interest	**28**	18	30
Disposals	**-**	-	2
Foreign currency movements	**2**	-	(1)
Closing lease liabilities	**(542)**	(543)	(541)

12. PENSIONS

Retirement and death benefits are provided for eligible employees in the United Kingdom, principally by the Mitchells & Butlers Pension Plan (MABPP) and the Mitchells & Butlers Executive Pension Plan (MABEPP). These plans are funded, HMRC approved, occupational pension schemes with defined contribution and defined benefit sections. The defined benefit section of the plans is now closed to future service accrual.

In addition, Mitchells & Butlers plc also provides a workplace pension plan in line with the Workplace Pensions Reform Regulations. This automatically enrols all eligible workers into a Qualifying Workplace Pension Plan.

12. PENSIONS (CONTINUED)

Measurement of scheme assets and liabilities

Actuarial valuation
The actuarial valuations used for IAS 19 (revised) purposes are based on the results of the latest full actuarial valuation carried out at 31 March 2019 and updated by the schemes' independent qualified actuaries to 10 April 2021. Schemes' assets are stated at market value at 10 April 2021 and the liabilities of the schemes have been assessed as at the same date using the projected unit method. IAS 19 (revised) requires that the schemes' liabilities are discounted using market yields at the end of the period on high quality corporate bonds.

The principal financial assumptions used at the balance sheet date have been updated to reflect changes in market conditions in the period and are as follows:

	2021 10 April	2020 11 April	2020 26 September
Discount rate	**2.0%**	1.9%	1.6%
Pensions increases – RPI max 5%	**3.1%**	2.6%	2.8%
Inflation – RPI	**3.2%**	2.6%	2.9%

The mortality assumptions were reviewed following the 2019 actuarial valuation. A summary of the average life expectancies assumed are as follows:

	2021 10 April	2020 11 April	2020 26 September
Implied life expectancies from age 65:			
- MABPP male currently 45	**22.7 years**	22.7 years	22.7 years
- MABEPP male currently 45	**24.5 years**	24.5 years	24.5 years
- MABPP female currently 45	**25.3 years**	25.3 years	25.3 years
- MABEPP female currently 45	**26.3 years**	26.3 years	26.3 years

Minimum funding requirements
The results of the 2019 actuarial valuation showed a funding deficit of £293m, using a more prudent basis to discount the schemes' liabilities than is required by IAS 19 (revised). As a result of the 2019 actuarial valuation, the Company subsequently agreed recovery plans for both the Executive and Main schemes in order to close the funding deficit in respect of its pension liabilities. The recovery plans show an unchanged level of cash contributions with no extension to the agreed payment term (£45m per annum indexed with RPI from 1 April 2016 subject to a minimum increase of 0% and maximum of 5%, until 31 March 2023). In the prior period, given the Covid-19 outbreak, the Company agreed with the Trustee that contributions would be suspended for the months of April to September 2020, with these being added onto the end of the agreed recovery plan so that these contributions will be paid in the second half of FY2023. Subsequent to the national lockdown which commenced on 5 January 2021, the Company has agreed a further deferral of contributions covering January to March 2021 with these contributions to be paid by 22 April 2021.

Under IFRIC 14, an additional liability is recognised, such that the overall pension liabilities at the period end reflect the schedule of contributions in relation to a minimum funding requirement, should this be higher than the actuarial deficit.

12. PENSIONS (CONTINUED)

Amounts recognised in respect of pension schemes

The following amounts relating to the Group's defined benefit and defined contribution arrangements have been recognised in the Group income statement and Group statement of comprehensive income:

Group income statement	2021 28 weeks	2020 28 weeks	2020 52 weeks
	£m	£m	£m
Operating profit			
Employer contributions (defined contribution plans)	**(6)**	(6)	(13)
Administrative costs (defined benefit plans)	**(2)**	(1)	(2)
Charge to operating profit before adjusted items	**(8)**	(7)	(15)
Past service cost (see note 4)	**(3)**	-	-
Charge to operating profit	**(11)**	(7)	(15)
Finance costs			
Net pensions finance income on actuarial surplus	**3**	3	5
Additional pensions finance charge due to minimum funding	**(4)**	(5)	(9)
Net pensions finance charge	**(1)**	(2)	(4)
Total charge	**(12)**	(9)	(19)

Group statement of comprehensive income	2021 28 weeks	2020 28 weeks	2020 52 weeks
	£m	£m	£m
Return on scheme assets and effects of changes in assumptions	**27**	58	(22)
Movement in pension liabilities due to minimum funding	**(19)**	(53)	25
Remeasurement of pension liabilities	**8**	5	3

Group balance sheet	2021 10 April £m	2020 11 April £m	2020 26 September £m
Fair value of scheme assets	**2,651**	2,649	2,736
Present value of scheme liabilities	**(2,311)**	(2,269)	(2,434)
Actuarial surplus in the schemes	**340**	380	302
Additional liability recognised due to minimum funding	**(518)**	(568)	(495)
Total pension liabilities[a]	**(178)**	(188)	(193)
Associated deferred tax asset	**34**	36	36

a. The total pension liabilities of £178m (11 April 2020 £188m, 26 September 2020 £193m) is presented as a £64m current liabilities (11 April 2020 £51m, 26 September 2020 £51m) and a £114m non-current liabilities (11 April 2020 £137m, 26 September 2020 £142m).

12. PENSIONS (CONTINUED)

Movements in total pension liabilities are analysed as follows:

	2021 10 April £m	2020 11 April £m	2020 26 September £m
At beginning of period	**(193)**	(215)	(215)
Past service cost (see note 4)	**(3)**	-	-
Administration costs	**(2)**	(1)	(2)
Net pensions finance charge	**(1)**	(2)	5
Employer contributions	**13**	25	25
Remeasurement of pension liabilities	**8**	5	(6)
At end of period	**(178)**	(188)	(193)

13. FINANCIAL INSTRUMENTS

The fair value of the Group's derivative financial instruments is calculated by discounting the expected future cash flows of each instrument at an appropriate discount rate to a 'mark to market' position and then adjusting this to reflect any non-performance risk associated with the counterparties to the instrument.

IFRS 13 Financial Instruments requires the Group's derivative financial instruments to be disclosed at fair value and categorised in three levels according to the inputs used in the calculation of their fair value:

- Level 1 instruments use quoted prices as the input to fair value calculations;
- Level 2 instruments use inputs, other than quoted prices, that are observable either directly or indirectly;
- Level 3 instruments use inputs that are unobservable.

The table below sets out the valuation basis of financial instruments held at fair value by the Group:

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 10 April 2021				
Financial assets				
Currency swaps	**-**	**28**	**-**	**28**
Share options	**-**	**-**	**1**	**1**
Financial liabilities				
Interest rate swaps	**-**	**(230)**	**-**	**(230)**
	-	**(202)**	**1**	**(201)**

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 11 April 2020				
Financial assets				
Currency swaps	-	50	-	50
Share options	-	-	1	1
Financial liabilities				
Interest rate swaps	-	(294)	-	(294)
	-	(244)	1	(243)

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 26 September 2020				
Financial assets				
Currency swaps	**-**	44	-	44
Share options	**-**	-	1	1
Financial liabilities				
Interest rate swaps	**-**	(297)	-	(297)
	-	(253)	1	(252)

13. FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of interest rate and currency swaps is the estimated amount which the Group could expect to pay or receive on termination of the agreements. These amounts are based on quotations from counterparties which approximate to their fair market value and take into consideration interest and exchange rates prevailing at the balance sheet date. Other financial assets and liabilities are either short-term in nature or their book values approximate to fair values.

14. OPEN OFFER SHARE ISSUE AND SHARE CAPITAL

On 12 March 2021, the Group completed a fully underwritten Open Offer share issue to existing shareholders on the basis of 7 shares for every 18 fully paid ordinary shares held.

As a result, a total of 166,937,606 ordinary shares with an aggregate nominal value of £14m were issued for cash consideration of £351m. Transaction costs of £9m were incurred which were directly attributable to the issuance of the new shares, resulting in £328m being recognised in share premium and net cash proceeds of £342m.

Earnings per share figures for the comparative period have been restated to reflect the bonus element of the Open Offer as shown in note 8.

Called up share capital	Number of shares	£m
Allotted, called up and fully paid		
Ordinary shares of $8^{13/}{}_{24}$p each		
At 26 September 2020	429,201,117	37
Issued on exercise of employee share options	135,763	-
Open Offer issued	166,937,606	14
At 10 April 2021	596,274,486	51

15. RELATED PARTY TRANSACTIONS

During the period, the Group has held a number of property lease agreements with its associate companies, 3Sixty Restaurants Limited and Fatboy Pub Company Limited.

The Group has entered into the following transactions with the associates:

	3Sixty Restaurants Limited			Fatboy Pub Company Limited		
	2021 28 weeks £000	2020 28 weeks £000	2020 52 weeks £000	2021 28 weeks £000	2020 28 weeks £000	2020 52 weeks £000
Rent charged	336	325	719	-	50	50
Sales of goods and services	85	341	521	2	2	4
Loans	-	-	-	-	-	4
	421	666	1,240	2	52	58

The balance due from 3Sixty Restaurants Limited at 10 April 2021 was £535,000 (11 April 2020 £112,000, 26 September 2020 £385,000).

The balance due from Fatboy Pub Company at 10 April 2021 was £11,000 (11 April 2020 £185,000, 26 September 2020 £11,000), net of a provision of £179,000 (11 April 2020 £nil, 26 September 2020 £179,000).

There have been no other related party transactions during the period or the previous period requiring disclosure under IAS 24 Related Party Disclosures.

Alternative Performance Measures

The performance of the Group is assessed using a number of Alternative Performance Measures (APMs).

The Group's results are presented both before and after separately disclosed items. Adjusted profitability measures are presented excluding separately disclosed items as we believe this provides both management and investors with useful additional information about the Group's performance and supports a more effective comparison of the Group's trading performance from one period to the next. Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the condensed income statement with details of separately disclosed items provided in note 4.

The Group's results are also described using other measures that are not defined under IFRS and are therefore considered to be APMs. These APMs are used by management to monitor business performance against both shorter term budgets and forecasts but also against the Group's longer-term strategic plans.

APMs used to explain and monitor Group performance include:

APM	Definition	Source
EBITDA	Earnings before interest, tax, depreciation and amortisation.	Group condensed income statement
Adjusted EBITDA	Annualised EBITDA on a 52 week basis before separately disclosed items is used to calculate net debt to EBITDA.	Group condensed income statement
EBITDA before adjusted items	EBITDA before separately disclosed items.	Group condensed income statement
Operating (loss)/profit	(Loss)/earnings before interest and tax.	Group condensed income statement
Adjusted operating (loss)/profit	Operating (loss)/profit before separately disclosed items.	Group condensed income statement
Like-for-like sales growth	Like-for-like sales growth reflects the sales performance against the comparable period in the prior year of UK managed pubs, bars and restaurants that were trading in the two periods being compared, unless marketed for disposal.	Group condensed income statement
Adjusted (loss)/earnings per share (EPS)	(Loss)/earnings per share using profit before separately disclosed items.	Note 8
Net debt : Adjusted EBITDA	The multiple of net debt including lease liabilities, as per the balance sheet compared against 52 week EBITDA before separately disclosed items which is a widely used leverage measure in the industry.	Note 11 Group condensed income statement
Return on capital	Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by incremental site EBITDA following investment expressed as a percentage of return generating capital. Return on investment is measured for four years following investment. Measurement commences three periods following the opening of the site.	

A. Like-for-like sales

The sales this year compared to the sales in the previous year of all UK managed sites that were trading in the two periods being compared, expressed as a percentage. This widely used industry measure provides better insight into the trading performance than total revenue which is impacted by acquisitions and disposals. As like-for-like sales can only be measured when sites are trading the measure ceases in week 14 the last week of trade before the enforced closure of the estate in response to Covid-19.

	Source	**2021 14 weeks £m**	2020 14 weeks £m	Year-on -year %
Reported revenue	Condensed income statement	**219**	1,039	**(78.9)%**
Less non like-for-like sales and income subsequent to closure		**(67)**	(822)	**(91.8)%**
Like-for-like sales		**152**	217	**(30.1)%**

Drink and food sales growth HY 2021

	Source	**2021 14 weeks £m**	2020 14 weeks £m	Year-on -year %
Drink like-for-like sales		**57**	95	**(40.3)%**
Food like-for-like sales		**92**	116	**(20.7)%**
Other like-for-like sales		**3**	6	
Total like-for-like sales		**152**	217	**(30.1)%**

B. Adjusted operating (loss)/profit

Operating (loss)/profit before separately disclosed items as set out in the Group Condensed Income Statement. Separately disclosed items are those which are separately identified by virtue of their size or incidence (see note 4). Excluding these items allows a better understanding of the trading of the Group.

	Source	**2021 28 weeks £m**	2020 28 weeks £m	Year-on -year %
Operating loss	Condensed income statement	**(132)**	(51)	**(158.8)%**
Separately disclosed items	Note 4	**8**	159	
Adjusted operating (loss)/profit		**(124)**	108	**(214.8)%**
Reported revenue 28 weeks	Condensed income statement	**219**	1,039	**(78.9)%**
Adjusted operating margin		**(56.6%)**	10.4%	**(67.0)ppts**

C. Adjusted (loss)/earnings per share

(Loss)/earnings per share using (loss)/profit before separately disclosed items. Separately disclosed items are those which are separately identified by virtue of their size or incidence. Excluding these items allows a better understanding of the trading of the Group.

	Source	**2021 28 weeks £m**	2020 28 weeks £m	Year-on -year %
Loss for the period	Condensed income statement	**(165)**	(107)	**(54.2)%**
Add back separately disclosed items	Condensed income statement	**6**	138	
Adjusted (loss)/profit		**(159)**	31	**(612.9)%**

Basic weighted average number of shares	Note 8	**500**	474	**5.5%**
Adjusted (loss)/earnings per share		**(31.8)p**	6.5p	**(589.2)%**

D. Net Debt: Adjusted EBITDA

The multiple of net debt as per the balance sheet compared against 52 week EBITDA before separately disclosed items which is a widely used leverage measure in the industry. From FY 2020 leases are included in net debt following adoption of IFRS16. Adjusted EBITDA is used for this measure to prevent distortions in performance resulting from separately disclosed items.

Due to the Covid-19 closure period we do not have a representative 52 week EBITDA measure to calculate this metric and therefore it has not been used in these condensed financial statements.

E. Return on capital

Return generating capital includes investments made in new sites and investment in existing assets that materially changes the guest offer. Return on investment is measured by incremental site EBITDA following investment expressed as a percentage of return generating capital.

Due to the enforced closure of sites in response to Covid-19 outbreak we are currently unable to accurately measure return on capital as all sites are impacted.