BUILDING GREAT BRANDS

AG Barr
BUILDING GREAT BRANDS

A.G. BARR p.l.c.
Interim Report 2022

WELCOME

"We made a very strong start to the year and continue to see good momentum across our business and brands.

That said, the UK's high level of inflation has accelerated across the summer and is creating a well documented cost of living crisis for many consumers, alongside increasing challenges for industry.

We continue to take action to mitigate the cost pressures we face both in the short term across the balance of the current financial year and where possible into 2023.

We anticipate in the coming months that the current economic environment will impact consumer purchasing behaviour, however we currently remain confident that our strategy and actions will allow us to deliver a full-year profit performance ahead of the prior year."

Roger White
Chief Executive

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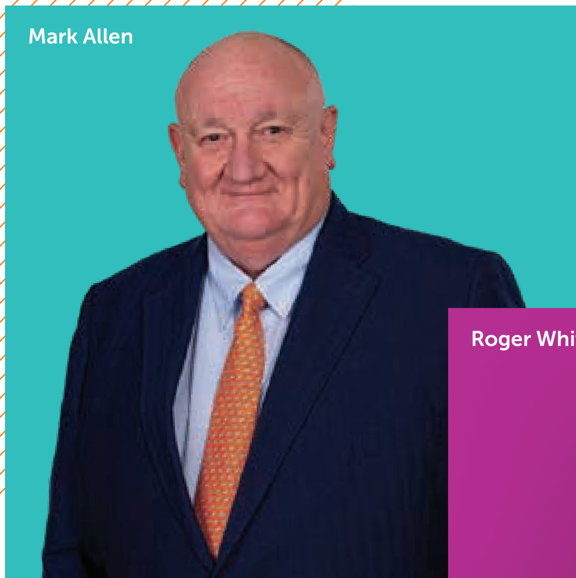
Interim Statement



We are pleased to report a strong performance in the first half of our 2022/23 financial year.

Revenue was £157.9m representing year-on-year growth of:
- 20% on a like-for-like basis*, excluding both the 27th week in prior year** and the revenue contribution from MOMA Foods in the current reporting period
- 17% on a reported revenue basis (27 weeks** to 1 August 2021: £135.3m)

Reported profit before tax in the period was £24.7m (2021/22 H1: £24.4m). This strong profit performance was supported by revenue growth across all of our core brands.

The prior year first half profit performance benefited from a number of one-off factors, as reported at the time, and therefore this year's strong H1 profit delivery is all the more positive.

Adjusted profit* in the period was £25.3m an increase of 22.8% on the prior year first half (2021/22 H1: £20.6m). This takes into account the following:
- H1 2021/22: the impact of the additional week and the gain on sale of property
- H1 2022/23: the time value adjustment related to the MOMA deferred consideration

Inflation continued to accelerate across the UK in the reporting period. Against this backdrop we have actively managed our position through ongoing cost management actions and the successful execution of our pricing and promotional strategies across all our markets and channels.

Market context

Soft drinks: We maintained our value share of the total UK soft drinks market which increased by 8.1% across the period, while volume fell by 3.0%. Market performance was driven by broad-based consumer price inflation leading to significant value growth but reduced volumes. The soft drinks market also experienced year-on-year recovery in "drink now" out of home consumption in the more difficult to measure impulse channel. These dynamics are consistent across both carbonates and stills.

(Source: IRI Marketplace data for the 26 weeks to 30 July 2022)

Interim Statement continued

Cocktails: The value of GB cocktails across the ontrade continues to grow and is now worth £664m, up 13.2% year-on-year, while ready to drink (RTD) cocktails grew 24%, four times the rate of the RTD category as a whole.

(Source: Nielsen pre-mixed alcoholic drinks total coverage MAT 30/07/2022; CGA Q1 2022)

Oat milk: Across the UK grocery market, oat milk is growing 16% year-on-year, with one in three British consumers now drinking plant based milk.

(Source: Kantar May 22, Nielsen 52 w/e July 2022, Mintel Sept 2021)

Business performance

Trading has been strong across both our business units with a 12.3% revenue increase across Barr Soft Drinks and Funkin's sales up 21.4%.

The addition of the MOMA business has also supported our overall revenue performance. While, as anticipated, there is no positive impact on profit at this early stage, growth potential in this sector continues to be exciting.

Growth across the Group has been driven by ongoing brand investment and the successful execution of our pricing and promotional activity. Trading performance further benefited from the year-on-year Covid-19 recovery across the market, particularly in the on-trade and out of home sectors, as well as good summer weather. The positive revenue growth in our core brands highlights the strength of our portfolio, our ability to flex price and promotions, the value we offer to consumers and customers as well as the positive impact of brand innovation – this includes further growth in Rubicon RAW Energy and Funkin nitro cocktails.

Operating margins in the period have been supported by sales growth, cost control and our pricing approach. We anticipate that this level of margin will not be sustained across the second half of the financial year given the impact of increasing costs, our continued brand investment and the volume impact of reduced consumer confidence. Therefore we anticipate our full year adjusted operating margin to be around 14%.

Cash flow and balance sheet

Net cash from operating activities was £11.4m, a decrease of £5.5m compared to 2021/22 (£16.9m).

Cash generated from the growth in operating profit was offset by the impact of an increase in debtors associated with strong summer trading and increased inventory from a combination of inflation and higher stock cover.

Capital expenditure in the first half of the year was £7.0m (2021/22 H1: £1.4m). This reflects investment in production capacity and capability, including new canning capacity at our Milton Keynes site and the commencement of our asset refresh programme at our Cumbernauld factory. Full year capital expenditure is estimated at £16-20m (2021/22: £5m) and expected to be maintained at this level for at least two further years.

The Group closed the period with cash balances of £61.3m (2021/22 H1: £65.6m), which was £7.4m less than the period opening position (£68.7m). Cash generated from operations funded the final 2021/22 dividend (£11.1m) paid in June, our capital investment programme and ongoing corporation tax payments (£3.4m).

Adjusted earnings per share* were 19.52p (2021/22: 9.36p). This significant increase on the prior period reflects the improved trading performance and the one-off impact in the prior period from the deferred tax adjustment arising from the change in corporation tax rate due in 2023. Excluding the one-off impact adjusted earnings per share grew by 35%.

Responsibility

We have continued to make good progress across our responsibility agenda, particularly with our "No Time To Waste" environmental sustainability programme. Highlights during the period include increased use of recycled material across our packaging as well as the approval of our near and long-term science-based emissions reduction targets with the Science Based Target initiative (SBTi) and an SBTi verified science-based net-zero target across our value chain of 2050. These targets are aligned with the SBTi's new Net-Zero Standard.***

Dividend

The Board has declared an interim dividend for the 26 weeks ended 31 July 2022 of 2.5 pence per share (2021/22: 2.0 pence) payable on 28 October 2022 to shareholders on the register on 7 October 2022.

Outlook

The UK's high level of inflation continued across the summer and is not expected to abate in the short-term, leading to challenging economic conditions for both consumers and industry.

We will continue to invest behind our brands to support long-term growth while at the same time taking appropriate mitigating action to limit the full year impact of cost inflation.

Our brands are performing well and our business and people have continued to demonstrate both their resilience and flexibility. We anticipate in the coming months that the economic environment will impact consumer purchasing behaviour. However we currently remain confident that our portfolio of strong brands and our established strategy will allow us to deliver a full-year profit performance ahead of the prior year.

Mark Allen
Chairman

Roger White
Chief Executive

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the glossary on pages 22 to 24

** 2021/22 was a 53-week financial year with a 27-week first half. 2022/23 reverts to a 52-week year with a 26-week first half

*** Full details of our science-based emissions reduction and science-based net-zero targets can be found at https://www.agbarr.co.uk/responsibility/no-time-to-waste/

Consolidated Condensed Income Statement

	Note	**Unaudited Six months ended 31 July 2022 Total £m**	Unaudited Six months ended 1 August 2021 Total £m	Audited Year ended 30 January 2022 Total £m
Revenue	6	**157.9**	135.3	268.6
Cost of sales		**(88.5)**	(73.8)	(150.0)
Gross profit	6	**69.4**	61.5	118.6
Other income		**–**	0.7	0.7
Operating expenses		**(43.9)**	(37.6)	(76.6)
Operating profit	8	**25.5**	24.6	42.7
Finance costs	9	**(0.7)**	(0.2)	(0.4)
Share of results of associate		**(0.1)**	–	(0.1)
Profit before tax		**24.7**	24.4	42.2
Tax on profit	10	**(3.8)**	(10.2)	(14.4)
Profit for the period		**20.9**	14.2	27.8
Attributable to:				
Equity shareholders of the parent Company		**21.1**	14.2	27.9
Non-controlling interests		**(0.2)**	–	(0.1)
Earnings per share (p)				
Basic earnings per share	11	**18.98**	12.78	25.09
Diluted earnings per share	11	**18.81**	12.71	24.95

Consolidated Condensed Statement of Financial Position

	Note	Unaudited As at 31 July 2022 £m	Unaudited As at 1 August 2021 £m	Audited As at 30 January 2022 £m
Non-current assets				
Intangible assets		**97.9**	89.8	98.6
Property, plant and equipment		**96.6**	93.3	93.8
Right-of-use assets		**3.8**	2.2	4.2
Loans and receivables		**1.5**	1.0	1.5
Investment in associates		**0.6**	0.8	0.7
		200.4	187.1	198.8
Current assets				
Inventories		**24.0**	17.8	24.2
Trade and other receivables		**68.5**	59.7	44.3
Derivative financial instruments	13	**–**	0.1	–
Current tax assets		**0.6**	–	0.3
Cash and cash equivalents		**61.3**	65.6	68.7
		154.4	143.2	137.5
Total assets		**354.8**	330.3	336.3
Current liabilities				
Loans and other borrowings	14	**–**	–	0.3
Trade and other payables		**63.5**	56.5	54.0
Derivative financial instruments	13	**0.2**	0.2	0.2
Lease liabilities	14	**1.1**	1.0	1.3
Provisions		**0.9**	1.4	2.0
Current tax liabilities		**–**	0.2	–
		65.7	59.3	57.8
Non-current liabilities				
Loans and other borrowings	14	**0.2**	–	–
Deferred tax liabilities		**21.7**	18.9	21.5
Lease liabilities	14	**2.7**	1.1	2.8
Put liabilities		**5.6**	–	5.0
Retirement benefit obligations	15	**1.2**	4.8	1.0
		31.4	24.8	30.3
Capital and reserves attributable to equity holders				
Share capital		**4.7**	4.7	4.7
Share premium account		**0.9**	0.9	0.9
Share options reserve		**2.6**	1.1	1.6
Other reserves		**(5.1)**	0.1	(5.1)
Retained earnings		**251.1**	239.4	242.4
Total shareholder equity		**254.2**	246.2	244.5
Non-controlling interest in equity		**3.5**	–	3.7
		257.7	246.2	248.2
Total equity and liabilities		**354.8**	330.3	336.3

Consolidated Condensed Statement of Comprehensive Income

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Profit for the period	**20.9**	14.2	27.8
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans (Note 15)	**(1.9)**	1.5	4.7
Deferred tax movements on items above	**0.5**	(0.4)	(1.2)
Deferred tax remeasurement for movement in tax rate	**–**	1.5	1.5
Items that will be or have been reclassified to profit or loss			
Cash flow hedges:			
Gains arising during the period	**–**	(0.1)	0.1
Deferred tax movements on items above	**–**	–	–
Other comprehensive (expense)/income for the period, net of tax	**(1.4)**	2.5	5.1
Total comprehensive income for the period	**19.5**	16.7	32.9
Attributable to:			
Equity shareholders of the parent Company	**19.7**	16.7	33.0
Non-controlling interests	**(0.2)**	–	(0.1)

Consolidated Condensed Statement of Changes in Equity (Unaudited)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total £m
At 30 January 2022	**4.7**	**0.9**	**1.6**	**(5.1)**	**242.4**	**244.5**	**3.7**	**248.2**
Profit for the period	–	–	–	–	21.1	21.1	(0.2)	20.9
Other comprehensive (expense)/income	–	–	–	–	(1.4)	(1.4)	–	(1.4)
Total comprehensive (expense)/income for the period	–	–	–	–	19.7	19.7	(0.2)	19.5
Recognition of share-based payment costs	–	–	1.0	–	–	1.0	–	1.0
Transfer of reserve on share award	–	–	(0.1)	–	0.1	–	–	–
Deferred tax on items taken directly to reserves	–	–	0.1	–	–	0.1	–	0.1
Dividends paid	–	–	–	–	(11.1)	(11.1)	–	(11.1)
At 31 July 2022	**4.7**	**0.9**	**2.6**	**(5.1)**	**251.1**	**254.2**	**3.5**	**257.7**

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total £m
At 24 January 2021	4.7	0.9	1.8	(0.2)	221.6	228.8	–	228.8
Profit for the period	–	–	–	–	14.2	14.2	–	14.2
Other comprehensive (expense)/income	–	–	–	(0.1)	2.6	2.5	–	2.5
Total comprehensive (expense)/income for the period	–	–	–	(0.1)	16.8	16.7	–	16.7
Company shares purchased for use by employee benefit trusts (Note 16)	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Recognition of share-based payment costs	–	–	0.4	–	–	0.4	–	0.4
Transfer of reserve on share award	–	–	(1.5)	–	1.5	–	–	–
Deferred tax on items taken directly to reserves	–	–	0.4	–	–	0.4	–	0.4
Reallocation between reserves	–	–	–	0.4	(0.4)	–	–	–
At 1 August 2021	4.7	0.9	1.1	0.1	239.4	246.2	–	246.2

Consolidated Condensed Statement of Changes in Equity (Audited)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total £m
At 24 January 2021	4.7	0.9	1.8	(0.2)	221.6	228.8	–	228.8
Profit for the year	–	–	–	–	27.9	27.9	(0.1)	27.8
Other comprehensive income	–	–	–	0.1	5.0	5.1	–	5.1
Total comprehensive income for the year	–	–	–	0.1	32.9	33.0	(0.1)	32.9
Company shares purchased for use by employee benefit trusts (Note 16)	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Recognition of share-based payment costs	–	–	1.2	–	–	1.2	–	1.2
Transfer of reserve on share award	–	–	(1.8)	–	1.8	–	–	–
Recognition of non-controlling interests	–	–	–	(5.0)	–	(5.0)	3.8	(1.2)
Deferred tax on items taken direct to reserves	–	–	0.4	–	–	0.4	–	0.4
Dividends paid	–	–	–	–	(13.4)	(13.4)	–	(13.4)
At 30 January 2022	4.7	0.9	1.6	(5.1)	242.4	244.5	3.7	248.2

Consolidated Condensed Cash Flow Statement

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Operating activities			
Profit for the period before tax	**24.7**	24.4	42.2
Adjustments for:			
Finance costs	**0.7**	0.2	0.4
Depreciation of property, plant and equipment	**4.9**	5.2	9.9
Amortisation of intangible assets	**0.7**	0.7	1.3
Share-based payment costs	**1.0**	0.4	1.2
Gain on sale of fixed assets	**(0.2)**	(0.7)	(0.7)
Share of results of associates	**0.1**	–	0.1
Operating cash flows before movements in working capital	**31.9**	30.2	54.4
Decrease/(increase) in inventories	**0.2**	1.5	(4.3)
Increase in receivables	**(24.2)**	(22.1)	(5.6)
Increase in payables	**8.6**	12.4	7.7
Difference between employer pension contributions and amounts recognised in the income statement	**(1.7)**	(1.7)	(2.3)
Cash generated by operations	**14.8**	20.3	49.9
Tax paid	**(3.4)**	(3.4)	(6.5)
Net cash from operating activities	**11.4**	16.9	43.4
Investing activities			
Acquisition of subsidiary (net of cash acquired)	**–**	–	(5.1)
Purchase of property, plant and equipment	**(7.0)**	(1.4)	(5.0)
Proceeds on sale of property, plant and equipment	**0.2**	1.1	1.1
Net cash used in investing activities	**(6.8)**	(0.3)	(9.0)
Financing activities			
Loan receivable	**–**	–	(0.5)
Loans repaid	**(0.1)**	–	–
Lease payments	**(0.8)**	(0.8)	(1.5)
Purchase of Company shares by employee benefit trusts	**–**	(0.1)	(0.2)
Dividends paid	**(11.1)**	–	(13.4)
Interest paid	**–**	(0.1)	(0.1)
Net cash used in financing activities	**(12.0)**	(1.0)	(15.7)
Net increase in cash and cash equivalents	**(7.4)**	15.6	18.7
Cash and cash equivalents at beginning of period	**68.7**	50.0	50.0
Cash and cash equivalents at end of period	**61.3**	65.6	68.7

Notes to the Consolidated Condensed Financial Statements

1. General information

A.G. BARR p.l.c. (the "Company") and its subsidiaries (together the "Group") manufacture, market, distribute and sell soft drinks and cocktail solutions. The Group has manufacturing sites in the UK and sells mainly to customers in the UK with some international sales.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

This consolidated condensed interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 January 2022 were approved by the Board of directors on 29 March 2022 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 30 January 2022 are an extract of the Company's statutory accounts for that year. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This consolidated condensed interim financial information is unaudited but has been reviewed by the Company's Auditor.

2. Basis of preparation

This consolidated condensed interim financial information for the 26 weeks ended 31 July 2022 has been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 January 2022, which has been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

Going concern basis

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks.

This assessment was undertaken through modelling a number of severe but plausible downside scenarios that could impact the business (both individually and cumulatively) over the period until January 2025. These scenarios include a global pandemic and associated restrictions, significant disruption to our supply chain, a cyber attack, significant energy cost inflation, and the impact of significant inflationary pressures on consumers. In each the Group continues to be cash generative throughout the forecast horizon, resulting in our liquidity headroom being maintained.

Our experience through the Covid-19 pandemic has given us confidence that the Group can remain profitable and cash-generative through prolonged disruption.

The most significant potential financial impact would be due to a significant reduction in sales. The revenue and operational leverage impact of such a volume loss would have a negative impact on Group profitability, however the scenario modelling would indicate that the Group would remain profitable over the next 12 months and we would anticipate a recovery in the following years.

The Group has £30m of committed and unutilised debt facilities, consisting of two revolving credit facilities from two individual banks, providing the business with a secure funding platform. One of these facilities (£10m) expires in April 2023, and will not be renewed given the Group's current liquidity headroom. The other facility (£20m) expires in February 2026. Throughout the above severe but plausible downside scenarios, the Group continues to have significant liquidity headroom on facilities and against revolving credit facilities financial covenants.

Notes to the Consolidated Condensed Financial Statements continued

2. Basis of preparation continued

Going concern basis continued

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group and parent Company will have adequate resources to continue in operation for at least 12 months from the signing date of these condensed consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

3. Accounting policies

New standards and interpretations applied for the first time

There are no new or amended standards that became applicable for the current reporting period. The accounting policies set out in the annual financial statements for the year ended 30 January 2022 have been applied consistently to all periods presented in these Consolidated Condensed Interim Financial Statements.

New standards and interpretations not yet applied

There were no new or revised IFRS, amendments or interpretations in issue but not yet effective that are potentially material for the Group and which have not yet been applied.

4 Principal risks and uncertainties

The directors consider that the following principal risks and uncertainties could have a material impact on the Group's performance in the balance of the financial year. Further detail can be found on pages 52-56 of the Group's annual financial statements as at 30 January 2022, which are available on our website, www.agbarr.co.uk.

- Changes in consumer preferences, perception or purchasing behaviour
- Consumer rejection of enhanced sweeteners used in reformulated products
- Loss of product integrity
- Loss of continuity of supply of major raw materials
- Adverse publicity in relation to the soft drinks industry, the Group or its brands
- Government intervention on climate change and environmental issues e.g. packaging waste
- Failure to maintain customer relationships or take account of changing market dynamics
- Inability to protect the Group's intellectual property rights
- Failure of the Group's operational infrastructure
- Failure of critical IT systems or a breach of cyber security
- Financial risks
- Environmental Social and Governance (ESG) risks
- Cost inflation

The Group has reviewed its exposure to climate-related and other emerging business risks but has not identified any specific risks that would impact the financial performance or position of the Group at 31 July 2022.

Notes to the Consolidated Condensed Financial Statements continued

5. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements should be read in conjunction with the Group's annual financial statements as at 30 January 2022 as they do not include all financial risk management information and disclosures contained within the annual financial statements. There have been no changes in the risk management policies since the year end.

6. Segment reporting

The Board and senior executives have been identified as the Group's chief operating decision-makers, who review the Group's internal reporting in order to assess performance and allocate resources.

The performance of the operating segments is assessed by reference to their gross profit.

During the year ended 30 January 2022, the Group amended the composition of reportable segments to better reflect internal reporting. Accordingly, the Group has restated the previously reported segment information for the 6 months ended 1 August 2021.

Unaudited **Six months ended 31 July 2022**	**Soft drinks** **£m**	**Cocktail solutions** **£m**	**Other** **£m**	**Total** **£m**
Total revenue	131.0	22.7	4.2	**157.9**
Gross profit	58.9	9.1	1.4	**69.4**

Unaudited Six months ended 1 August 2021 restated	Soft drinks £m	Cocktail solution £m	Other £m	Total £m
Total revenue	116.6	18.7	–	135.3
Gross profit	54.2	7.3	–	61.5

Audited Year ended 30 January 2022	Soft drinks £m	Cocktail solutions £m	Other £m	Total £m
Total revenue	230.6	36.9	1.1	268.6
Gross profit	103.5	14.7	0.4	118.6

There are no material intersegment sales. All revenue is in relation to product sales, which is recognised at point in time, upon delivery to the customer.

All of the assets and liabilities of the Group are managed on a central basis rather than at a segment level. As a result no reconciliations of segment assets and liabilities to the consolidated condensed statement of financial position has been disclosed for any of the periods presented.

Notes to the Consolidated Condensed Financial Statements continued

6. Segment reporting continued

Included in revenues arising from the above segments are revenues of approximately £30.5m which arose from sales to the Group's largest customer. In the year ended 30 January 2022 and six months ended 1 August 2021, revenues of approximately £51.5m and £28m respectively arose from sales to the Group's largest customer. No other single customers contributed 10 per cent or more to the Group's revenue in the comparative period to August 2021 or January 2022.

All of the segments included within "Soft drinks" and "Cocktail solutions" meet the aggregation criteria set out in IFRS 8 Operating Segments.

7. Seasonality of operations

Revenues and reported profits are affected by weather conditions, cost inflation, the timing of marketing and promotional investment and innovation launches. It is anticipated that the reported profits for the second half of the year to 29 January 2023 will be lower than those for the 26 weeks ended 31 July 2022.

8. Operating profit

The following items have been charged/(credited) to operating profit during the period:

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Gain on sale of property, plant and equipment	**(0.2)**	(0.7)	(0.7)
Impairment of inventories	**0.1**	0.1	0.2
Foreign exchange gains recognised	**(0.1)**	(0.2)	(0.2)

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses.

9. Finance costs

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Interest payable	**(0.1)**	(0.1)	(0.2)
Lease interest	**–**	–	(0.1)
Finance costs relating to defined benefit pension plans	**–**	(0.1)	(0.1)
Unwind of put option discount	**(0.6)**	–	–
	(0.7)	(0.2)	(0.4)

Notes to the Consolidated Condensed Financial Statements continued

10. Tax on profit

The interim period total tax charge of £3.8m (six months ended 1 August 2021: £10.2m; year ended 30 January 2022: £14.4m) is accrued based on the estimated annual effective tax rate of 15.4% (six months ended 1 August 2021: 41.8%; year ended 30 January 2022: 34.1%). The effective tax rate in the current year has decreased as a result of the remeasurement of deferred tax balances in the prior year and the increase in capital allowances available. In March 2021, the UK government announced that the corporation tax rate would increase from 19% to 25% effective from 1 April 2023 which was substantively enacted on 24 May 2021. The impact of this was a one-off increase in the deferred tax charge of £5.7m in the comparative reporting periods. Excluding the impact of the change in tax rate the effective tax rate for the six months ended 1 August 2021 was 17.6%. The Finance Act 2022, which received Royal Assent on 24 February 2022, will not have any impact on the corporation tax figures. However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as a result the deferred tax balances as at 31 July 2022 were measured using the 25% noted above. The estimated impact of the reversal of the corporation tax rate increase would be to reduce the deferred tax liability by around £5m.

Analysis of tax charge	**Unaudited Six months ended 31 July 2022 £m**	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Current income tax charge	**3.2**	4.4	6.8
Deferred income tax charge	**0.6**	5.8	7.6
Total tax charge in the condensed income statement	**3.8**	10.2	14.4

11. Earnings per share

Basic earnings per share has been calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares held by the employee share scheme trusts.

	Unaudited Six months ended 31 July 2022	Unaudited Six months ended 1 August 2021	Audited Year ended 30 January 2022
Profit attributable to equity holders of the Company (£m)	**21.1**	14.2	27.9
Weighted average number of ordinary shares in issue	**111,192,917**	111,104,168	111,187,778
Basic earnings per share (pence)	**18.98**	12.78	25.09

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 31 July 2022	Unaudited Six months ended 1 August 2021	Audited Year ended 30 January 2022
Profit attributable to equity holders of the Company (£m)	**21.1**	14.2	27.9
Weighted average number of ordinary shares in issue	**111,192,917**	111,104,168	111,187,778
Adjustment for dilutive effect of share options	**998,620**	633,701	657,074
Diluted weighted average number of ordinary shares in issue	**112,191,537**	111,737,869	111,844,852
Diluted earnings per share (pence)	**18.81**	12.71	24.95

Notes to the Consolidated Condensed Financial Statements continued

12. Dividends

	Six months ended 31 July 2022 per share (p)	Six months ended 1 August 2021 per share (p)	Year ended 30 January 2022 per share (p)	**Six months ended 31 July 2022 £m**	Six months ended 1 August 2021 £m	Year ended 30 January 2022 £m
Paid final dividend	**10.00**	–	–	**11.1**	–	–
Paid interim dividend	**–**	–	2.00	**–**	–	2.2
Paid special dividend	**–**	–	10.00	**–**	–	11.2
	10.00	–	12.00	**11.1**	–	13.4

An interim dividend of 2.5 pence per share was approved by the Board on 27 September 2022 and will be paid on 28 October 2022 to shareholders on the register as at 7 October 2022.

13. Financial instruments

Current assets of £nil (at 1 August 2021: £0.1m; 30 January 2022: £nil) relate to forward foreign currency contracts with a maturity of less than 12 months and are recognised at fair value through the cash flow hedge reserve, included within other reserves.

Current liabilities of £0.2m (at 1 August 2021: £0.2m; 30 January 2022: £0.2m) relate to forward foreign currency contracts with a maturity of less than 12 months and are recognised at fair value through the cash flow hedge reserve, included within other reserves.

Fair value hierarchy

Fair value hierarchies 1 to 3 are based on the degree to which fair value is observable:

Level 1: quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the consolidated condensed statement of financial position, with the resulting value discounted accordingly as relevant.

All financial instruments carried at fair value are Level 2.

Notes to the Consolidated Condensed Financial Statements continued

13. Financial instruments continued

Fair values of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			
Unaudited As at 31 July 2022	Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable	–	0.5	–	0.5
Loan receivable from associate	–	1.0	–	1.0
	–	1.5	–	1.5
Financial assets – Current				
Trade receivables	–	68.5	–	68.5
Cash and cash equivalents	–	61.3	–	61.3
	–	129.8	–	129.8
Financial liabilities – Non-current				
Bank borrowings	–	–	0.2	0.2
Lease liabilities	–	–	2.7	2.7
	–	–	2.9	2.9
Financial liabilities – Current				
Foreign exchange contracts used for hedging	0.2	–	–	0.2
Lease liabilities	–	–	1.1	1.1
Trade payables	–	–	63.5	63.5
	0.2	–	64.6	64.8

Notes to the Consolidated Condensed Financial Statements continued

13. Financial instruments continued

	Carrying amount			
Unaudited As at 1 August 2021	Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable from associate	–	1.0	–	1.0
	–	1.0	–	1.0
Financial assets – Current				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Trade receivables	–	56.9	–	56.9
Cash and cash equivalents	–	65.6	–	65.6
	0.1	122.5	–	122.6
Financial liabilities – Non-current				
Lease liabilities	–	–	1.1	1.1
	–	–	1.1	1.1
Financial liabilities – Current				
Foreign exchange contracts used for hedging	0.2	–	–	0.2
Lease liabilities	–	–	1.0	1.0
Trade payables	–	–	13.3	13.3
	0.2	–	14.3	14.5

Notes to the Consolidated Condensed Financial Statements continued

13. Financial instruments continued

Audited As at 30 January 2022	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable	–	0.5	–	0.5
Loan receivable from associate	–	1.0	–	1.0
	–	1.5	–	1.5
Financial assets – Current				
Trade receivables	–	41.6	–	41.6
Cash and cash equivalents	–	68.7	–	68.7
	–	110.3	–	110.3
Financial liabilities – Non-current				
Lease liabilities	–	–	2.8	2.8
	–	–	2.8	2.8
Financial liabilities – Current				
Bank borrowings	–	–	0.3	0.3
Foreign exchange contracts used for hedging	0.2	–	–	0.2
Lease liabilities	–	–	1.3	1.3
Trade payables	–	–	15.8	15.8
	0.2	–	17.4	17.6

14. Loans and other borrowings

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Opening borrowings balance	**4.4**	5.4	5.4
Net lease payments	**(0.3)**	(0.4)	(1.3)
Borrowings acquired	**–**	–	0.3
Bank overdraft/loans repaid	**(0.1)**	(2.9)	–
Closing borrowings balance	**4.0**	2.1	4.4

Notes to the Consolidated Condensed Financial Statements continued

14. Loans and other borrowings continued

The reconciliation of the above closing borrowings balance to the figures on the face of the consolidated condensed statement of financial position is as follows:

	Unaudited As at 31 July 2022 £m	Unaudited As at 1 August 2021 £m	Audited As at 30 January 2022 £m
Bank borrowings	**0.2**	–	0.3
Lease liabilities	**3.8**	2.1	4.1
Total borrowings and loans	**4.0**	2.1	4.4
Disclosed as:			
Current liabilities	**1.1**	1.0	1.6
Non-current liabilities	**2.9**	1.1	2.8

The reconciliation to net debt is as follows:

	Unaudited As at 31 July 2022 £m	Unaudited As at 1 August 2021 £m	Audited As at 30 January 2022 £m
Closing borrowings balance	**(4.0)**	(2.1)	(4.4)
Cash and cash equivalents	**61.3**	65.6	68.7
Net funds	**57.3**	63.5	64.3

The drawn/undrawn facilities at 31 July 2022 are as follows:

	Total facility £m	**Drawn £m**	**Undrawn £m**
Revolving credit facility – three years, expires April 2023	**10.0**	**–**	**10.0**
Revolving credit facility – five years, expires February 2026	**20.0**	**–**	**20.0**
Overdraft	**5.1**	**–**	**5.1**
CBILS loan facility – six years, expires June 2026	**0.2**	**0.2**	**–**
	35.3	**0.2**	**35.1**

Notes to the Consolidated Condensed Financial Statements continued

15. Retirement benefit obligations

On 1 May 2016 the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme was closed to future accrual following a negotiated agreement between the Company and the board of trustees.

The defined retirement benefit scheme had a deficit of £1.2m as at 31 July 2022 (as at 1 August 2021: £4.8m; 30 January 2022: £1.0m). The reconciliation of the closing deficit is as follows:

	Unaudited Six months ended 31 July 2022 £m	Unaudited Six months ended 1 August 2021 £m	Audited Year ended 30 January 2022 £m
Opening present value of obligation	**(114.9)**	(123.9)	(123.9)
Current service cost	**–**	–	(0.1)
Interest cost	**(1.2)**	(0.9)	(1.7)
Remeasurement – changes in financial assumptions	**20.6**	(1.4)	6.4
Benefits paid	**2.5**	2.8	4.4
Closing position	**(93.0)**	(123.4)	(114.9)
Opening fair value of plan assets	**113.9**	116.0	116.0
Interest income	**1.2**	0.8	1.6
Remeasurement – actuarial return on assets	**(22.5)**	2.9	(1.7)
Employer contributions	**1.7**	1.7	2.4
Benefits paid	**(2.5)**	(2.8)	(4.4)
Closing fair value of plan assets	**91.8**	118.6	113.9

	As at 31 July 2022 £m	As at 1 August 2021 £m	As at 30 January 2022 £m
Closing present value of obligation	**(93.0)**	(123.4)	(114.9)
Closing fair value of plan assets	**91.8**	118.6	113.9
Closing net deficit	**(1.2)**	(4.8)	(1.0)

The key financial assumptions used to value the liabilities were as follows:

	As at 31 July 2022 %	As at 1 August 2021 %	As at 30 January 2022 %
Discount rate	**3.5**	1.6	2.2
Inflation assumption	**3.2**	3.3	3.6

Notes to the Consolidated Condensed Financial Statements continued

16. Movements in own shares held by employee benefit trusts

During the six months to 31 July 2022 the employee benefit trusts of the Group acquired 20,613 (six months to 1 August 2021: 21,936; year to 30 January 2022: 42,778) of the Company's shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 31 July 2022 the shares held by the Company's employee benefit trusts represented 787,283 (1 August 2021: 781,002; 30 January 2022: 679,758) shares at a purchased cost of £4.7m (1 August 2021: £4.7m; 30 January 2022: £4.7m).

16,203 (six months to 1 August 2021: 112,594; year to 30 January 2022: 131,565) shares were utilised in satisfying share options from the Company's employee share schemes during the same period. The related weighted average share price at the time of exercise for the six months to 31 July 2022 was £5.30 (six months to 1 August 2021: £5.19; year to 30 January 2022: £5.19)

17. Contingencies and commitments

	Unaudited As at 31 July 2022 £m	Unaudited As at 1 August 2021 £m	Audited As at 30 January 2022 £m
Commitments for the acquisition of property, plant and equipment	**21.9**	0.6	9.5

18. Related party transactions

There have been no related party transactions in the first 26 weeks of the current financial year which have materially affected the financial position or performance of the Group.

Responsibility and Cautionary Statements

Responsibility Statement

Company law requires the directors to prepare statements for each financial year. Under that law the directors are required to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards.

The directors confirm that these consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months 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 and any material changes in the related party transactions described in the last annual report.

Cautionary Statement

This report is addressed to the shareholders of A.G. BARR p.l.c. and has been prepared solely to provide information to them.

This report is intended to inform the shareholders of the Group's performance during the six months to 31 July 2022. This report contains forward-looking statements based on knowledge and information available to the directors as at the date the report was prepared. These statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

The directors of A.G. BARR p.l.c. that served during the six months to 31 July 2022 and up to the date of signing, and their respective responsibilities, were:

M. Allen OBE (Chairman)
J.R. Nicolson (resigned 31 March 2022)
R.A. White (Chief Executive)
S. Lorimer (Finance Director)
J.D. Kemp (Commercial Director)
W.R.G. Barr
S.V. Barratt
Z.L. Howorth
D.J. Ritchie
N.B.E. Wharton

For and on behalf of the Board of directors

Roger White
Chief Executive
27 September 2022

Stuart Lorimer
Finance Director
27 September 2022

Glossary

Non-GAAP measures are provided because they are tracked by management to assess the Group's operating performance and to inform financial, strategic and operating decisions.

Adjusting items
The Group excludes adjusting items from its non-GAAP measures because of their size, frequency and nature to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess trends in financial performance more readily. These items are primarily non-operational.

Definitions of non-GAAP measures used are provided below:

Capital expenditure is a non-GAAP measure and is defined as the cash purchases of property, plant and equipment and is disclosed in the consolidated condensed cash flow statement.

Adjusted profit attributable to equity holders is a non-GAAP measure calculated as adjusted profit attributable to equity holders.

Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted profit attributable to equity holders by the weighted average number of shares in issue.

Adjusted operating margin is a non-GAAP measure calculated by dividing adjusted operating profit by revenue.

Adjusted profit before tax is a non-GAAP measure calculated as reported profit before tax after adjusting items.

Like-for-like revenue growth is a non-GAAP measure comparing adjusted revenue less MOMA revenue to the prior period adjusted revenue.

Reconciliation of Non-GAAP measures

Adjusted Consolidated Income Statements

	Six months ended 31 July 2022			Six months ended 1 August 2021				Year ended 30 January 2022			
	Reported £m	Unwind of discount £m	Adjusted £m	Reported £m	Gain on sale of property £m	Extra week trading £m	Adjusted £m	Reported £m	Gain on sale of property £m	Extra week trading £m	Adjusted £m
Revenue	157.9	–	157.9	135.3	–	(6.8)	128.5	268.6	–	(6.8)	261.8
Cost of sales	(88.5)	–	(88.5)	(73.8)	–	3.7	(70.1)	(150.0)	–	3.7	(146.3)
Gross profit	69.4	–	69.4	61.5	–	(3.1)	58.4	118.6	–	(3.1)	115.5
Other income	–	–	–	0.7	(0.7)	–	–	0.7	(0.7)	–	–
Operating expenses	(43.9)	–	(43.9)	(37.6)	–	–	(37.6)	(76.6)	–	–	(76.6)
Operating profit	25.5	–	25.5	24.6	(0.7)	(3.1)	20.8	42.7	(0.7)	(3.1)	38.9
Share of results of associate	(0.1)	–	(0.1)	–	–	–	–	(0.1)	–	–	(0.1)
Finance costs	(0.7)	0.6	(0.1)	(0.2)	–	–	(0.2)	(0.4)	–	–	(0.4)
Profit before tax	24.7	0.6	25.3	24.4	(0.7)	(3.1)	20.6	42.2	(0.7)	(3.1)	38.4
Tax on profit	(3.8)	–	(3.8)	(10.2)	–	–	(10.2)	(14.4)	–	–	(14.4)
	–		–	–							
Profit for the period	20.9	0.6	21.5	14.2	(0.7)	(3.1)	10.4	27.8	(0.7)	(3.1)	24.0
Attributable to:											
Equity shareholders of the parent Company	21.1		21.7	14.2			10.4	27.9			24.1
Non-controlling interests	(0.2)		(0.2)	–			–	(0.1)			(0.1)

Adjusting entries:
Unwind of discount – the time value adjustment of the put liability held on balance sheet.
Gain on sale of property – the gain on the disposal of the Sheffield distribution depot.
Extra week trading – the six months to 1 August 2021 was a 27 week period and the year ended 30 January 2022 was a 53 week period. This extra week of trading is removed for comparative purposes.

Reconciliation of Non-GAAP measures continued

Adjusted EPS	**Six months ended 31 July 2022**	Six months ended 1 August 2021	Year ended 30 January 2022
Adjusted profit attributable to equity holders of the Company (£m)	**21.7**	10.4	24.1
Weighted average number of shares in issue	**111,192,917**	111,104,168	111,187,778
Adjusted EPS (p)	**19.52**	9.36	21.68

Adjusted operating margin	**£m**	£m	£m
Revenue	**157.9**	128.5	261.8
Adjusted operating profit	**25.5**	20.8	38.9
Adjusted operating margin	**16.2%**	16.2%	14.9%

Like-for-like revenue growth	**£m**
Adjusted revenue for period to 31 July 2022	**157.9**
Less MOMA revenue	**(4.2)**
	153.7
Adjusted revenue for period to 1 August 2021	**128.5**
Movement	**25.2**
Growth	**20%**

Independent Review Report to A.G. BARR p.l.c.

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 31 July 2022 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 18.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26-week period ended 31 July 2022 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Independent Review Report to A.G. BARR p.l.c. continued

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
27 September 2022

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Visit us at emperor.works

AG Barr

BUILDING GREAT BRANDS

A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD
Tel: 0330 390 3900

agbarr.co.uk

Registered Office
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

Company Secretary
Julie A. Barr,
M.A. (Hons.),
L.L.B. (Dip.),
M.B.A.

Auditors Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

Registrars
Equiniti Ltd
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Registered Number
SC005653