BUILDING GREAT BRANDS

AG Barr
BUILDING GREAT BRANDS

A.G. BARR p.l.c.
Annual Report & Accounts 2022

WELCOME

I am pleased to present A.G. BARR p.l.c.'s Annual Report and Accounts for the 53-week year ended 30 January 2022.

We aim to provide a fair, balanced and understandable assessment of the Company, including our business model, strategy, performance and prospects in relation to material financial, economic, social, environmental and governance issues.

Our report includes a comprehensive assessment of the principal risks facing the business. It also seeks to identify and evaluate matters that are of common material interest to our stakeholders and to our business, to understand how they may affect our ability to create value over time. These matters are integral to our planning processes and help support the delivery of our strategy.

Our overarching business purpose remains steadfast – to create value, with values – for our shareholders, consumers, customers and for society as a whole. We do this by building great brands.

I am delighted with the resilience that our business has demonstrated over the past 12 months. We have continued to provide excellent customer service, high quality products and strong business support to all of our customers. We have delivered an excellent financial performance against a volatile backdrop, whilst at the same time delivering on our strategic priorities, and I am particularly proud of the progress we have made across our "**No Time To Waste**" environmental sustainability programme.

I remain confident in both our ability to deliver continued growth in both revenue and profit in the coming year and in our longer-term continued success, delivering on our strategic priorities – connecting with consumers, building brands, driving efficiency and building trust.

Roger White
Chief Executive

A.G. Barr is a UK-based branded consumer goods business focused on growth.

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love.

Revenue

£268.6m

18.3%

Profit before tax*
(before exceptional items)

£41.5m

26.5%

Basic earnings per share (EPS)

25.09p

46.1%

Full year dividend*

12.0p

Excludes 10.0p special dividend paid in October 2021

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 188 to 191.

Year-on-year movement compares the 53-week financial year ended 30 January 2022 with the 52-week financial year ended 24 January 2021.

IN THIS REPORT

STRATEGIC REPORT

CORPORATE GOVERNANCE

ACCOUNTS

Corporate Governance

Our section 172(1) statement describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duties under section 172 of the Companies Act 2006 is set out in the Corporate Governance Report on pages 60 to 71 and is incorporated by reference into this Strategic Report.

Our Business

A.G. Barr is a branded consumer goods business focused on growth.

Our overarching purpose is to **create value, with values** – for our shareholders, consumers, customers and for society as a whole. We do this by building great brands.

Number of employees

895

Brands

15

UK sites

9

Established over 140 years ago in Scotland and now operating across the UK and with export markets throughout the world, we strive to grow our business both organically and through partnerships and acquisition.

Employing 895 people across nine UK locations, we are proud to be a responsible business that listens to our consumers, builds lasting customer relationships, takes care of our people, values diversity, gives something back to our communities and works to minimise our environmental impact.

AG Barr
BUILDING GREAT BRANDS

At our core is the Barr Soft Drinks business unit, home to some of the UK's most loved soft drinks brands. We make it our business to understand what consumers want and build great tasting and differentiated soft drinks brands that people love.

Whether it's the iconic **IRN-BRU**, launched in 1901 and still going strong today, our vibrant **RUBICON** fruit, juice and energy drinks, or our unique range of **BARR** flavours, our brands offer people a choice of great tasting products and bring exciting innovation to the market.

Enhancing our portfolio, we also operate a limited number of brand partnerships, complementing our own range of products with global brands **SNAPPLE** and **BUNDABERG** Brewed Drinks in the UK and beyond.

But we're not just about soft drinks – our **FUNKIN** business unit operates in the exciting and growing cocktail market. The **FUNKIN** brand's mission is to democratise cocktails, providing innovative and unique purées, syrups and mixers, as well as ready to drink cocktails for behind the bar and at home.

Over recent years we have also entered new markets such as zero proof spirits and plant-based milk, taking equity stakes in small but high potential businesses – initially with the **STRYKK** brand and most recently through an equity stake in **MOMA** Foods Limited.

ALTOGETHER REFRESHING
BARR
SOFT DRINKS

ESTD . 1999
FUNKIN
COCKTAILS

Our people and culture

For more information on our people, culture and employee values see **pages 22 to 30.**

OUR PURPOSE & MISSION

To create value, with values – for our shareholders, consumers, customers and for society as a whole. We do this by building great brands.

OUR STRATEGIC PRIORITIES

- Connecting with consumers
- Building brands
- Driving efficiency
- Building trust

OUR BUSINESS MODEL

- Make
- Move
- Market
- Sell

OUR EMPLOYEE VALUES

A shared culture supported by **EPIC** values at Funkin and **Barr Behaviours** in our Barr Soft Drinks business

OUR RESPONSIBILITY

Our values include our commitment to responsible actions, underpinned by four key commitments:

- Acting with integrity
- Respecting the environment
- Supporting healthy living
- Giving back

Our Brands

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love.

IRN-BRU

An iconic brand with a unique taste. IRN-BRU offers consumers choice – Regular, Sugar Free, XTRA, Energy and 1901 – all containing the same IRN-BRU essence, bru'd to a secret recipe of 32 flavours since 1901.

FUNKIN

Funkin cocktails are best served everywhere. The Funkin brand provides innovative and unique purées, syrups, mixers and ready to drink cocktails, for behind the bar and at home – making ordinary occasions extraordinary.

Brands that people love

Information on our full portfolio of brands can be found at **https://www.agbarr.co.uk/our-brands/**

BARR FLAVOURS

A fun, energetic brand that has been bringing families a unique range of great tasting and great value flavours since 1875.

RUBICON

Discover different with Rubicon's big bold flavours that you don't find in your everyday fruit bowl. Rubicon has a range of fruity still, sparkling, flavoured water and energy drinks, making Rubicon the unboring choice of soft drink.

PORTFOLIO AND PARTNERSHIP BRANDS

Our wide portfolio of regional and specialist brands, alongside our complementary partnership brands, enhance our core brand proposition.

Chairman's Introduction

"As my tenure at A.G. Barr draws to a close, I am delighted that my last introduction to the Annual Report and Accounts sees the business return to strong growth. I hand the Chairman's role across to Mark Allen OBE with the business in good health and with a team excited and motivated for the future."

John R. Nicolson
Chairman

During my seven years as Chairman, the business has shown both its resilience and decisiveness in response to external factors, from a sugar tax to a global pandemic, but more importantly it has demonstrated its internal strength and drive for growth. This resolve and ambition have been as evident as ever in the past 12 months.

Revenue grew by 18.3% year-on-year and we finished the year with profit before tax and exceptional items* of £41.5m, 26.5% ahead of the prior year and ahead of our pre Covid-19 profit levels, which included the Rockstar brand.

These results are all the more pleasing taking into account the continued impact of the Covid-19 pandemic, industry-wide labour and supply chain challenges and the current inflationary backdrop. Highlights during the year included:

- Strong momentum across the soft drinks portfolio, supported by continued brand investment
- Significant progress made in further establishing Funkin as a leading consumer cocktail brand
- Innovation success, particularly in the energy category
- The 61.8% equity investment in MOMA Foods Limited, demonstrating the Group's continued ambition and drive to find opportunities to participate in exciting new growth categories

The entire A.G. Barr team has remained focused on delivering our brand building strategy, investing for growth and creating a business to be proud of.

Dividend

We recommenced dividend payments during the financial year with both an interim and a special dividend paid in October 2021. The Group benefited from a number of one-off cash inflows that were outside normal trading and the Board concluded that a special dividend should be distributed to shareholders, recognising the one-off and non-operating nature of the cash receipts.

At the end of the full financial year, the Board is now pleased to maintain its progressive dividend policy and recommends a final dividend of 10.0p per share to give a proposed total dividend for the full year of 12.0p per share, plus the 10.0p special dividend paid in October 2021. The final dividend is payable on 10 June 2022 to shareholders on the Register of Members at the close of business on 13 May 2022. The ex-dividend date is 12 May 2022.

Board

As previously communicated, we were pleased to welcome Mark Allen OBE and Zoe Howorth to the Board in July 2021 as independent Non-Executive Directors. Both are already adding significant value to our Board discussions. Zoe also chairs the newly established Environmental, Social and Governance (ESG) Committee which has already played an important role in the development of the Group's net-zero commitments.

Mark will assume the role of Chairman in April 2022 and I have every confidence that he will lead the Board very effectively, bringing his significant experience and leadership capability to the fore.

Having completed eight years as a Non-Executive Director, Pam Powell stood down from the Board at the end of June 2021 as part of the long-term Board succession plan. We would like to thank Pam for her support, insight and guidance during her term on the Board.

Responsibility

It has been a year of real progress throughout our responsibility agenda, particularly so across our **"No Time To Waste"** environmental sustainability programme. Roger shares more detail in his Chief Executive's Review, and a full review of the year's activity is detailed in the Responsibility Report on pages 22 to 45. However, I would particularly highlight another year-on-year improvement in our Climate Disclosure Project (CDP) climate change questionnaire score. CDP is a globally recognised environmental disclosure system and our improved A- classification is a welcome independent and external validation of the great work being done across the business to address the impact of climate change.

People and culture

A.G. Barr has a positive, results-driven and supportive culture, developed over many years. It has been encouraging to see the progress made across a range of people matters during my time as Chairman, particularly so in the area of diversity and inclusion. One important illustration of note is the increase in female leadership, with women now making up over 40% of A.G. Barr's senior management.

Events over the past two years have been challenging for many of us, both personally and professionally, and on behalf of the Board I want to extend my thanks to the full team for the huge part they have played in overcoming the challenges faced, and delivering such a strong performance across the year. It has been more important than ever to support our people through these tough times and I have been very encouraged to learn more about the strong mental health awareness and support culture that is well established across the business.

Prospects

We have a portfolio with strong brand equity, a successful growth strategy and a team of passionate, committed and capable people across the Group. With our proven track record of delivery we are well positioned to further grow and develop our business in 2022 and beyond.

John R. Nicolson
Chairman
29 March 2022

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 188 to 191.

"The entire A.G. Barr team has remained focused on delivering our brand strategy, investing for growth and creating a business to be proud of."

John R. Nicolson
Chairman

Our Business Model

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love.

Our overarching purpose is to **create value, with values** – for our shareholders, consumers, customers and for society as a whole. We do this by building great brands.

Our business model is simple, effective and profitable.

Our people

895

We are a business with one shared, successful culture where we work brilliantly together. Underpinning everything that we do is our belief in performance through people – a positive and engaged team is central to our success.

Our brands

15

As brand owners and builders, listening carefully to our consumers is paramount, and by doing so we have developed a diverse and differentiated portfolio of branded products to satisfy their needs and offer choice.

Our fleet/network

70

With a fleet of more than 70 vehicles, and long-standing relationships with our key distribution partners, we strive to deliver great service to all our customers, from the biggest food service customer to the smallest local shop.

Our direct suppliers

70

We work in partnership with our key suppliers to ensure high quality products that are sourced and manufactured in a fair, ethical and environmentally responsible way.

Our UK locations

9

We operate across nine UK sites – our Cumbernauld site is home to our Head Office, manufacturing, warehousing and sales offices and across the rest of the UK we have offices at Bolton and Camden, two further manufacturing facilities at Milton Keynes and Forfar, and four regional distribution depots at Newcastle, Moston, Wednesbury and Dagenham.

We behave responsibly...

WHAT WE DO

We make...

We pride ourselves on our effective and safe manufacturing capabilities, producing high quality products across our well-invested and efficient production sites in **Cumbernauld**, **Forfar** and **Milton Keynes**. From sourcing our raw materials to designing our packaging, we aim to reduce our environmental impact while delivering continuous improvement across our supply chain.

We move...

Operating across multiple routes to market, we have a well established and efficient distribution network, with our Barr Direct channel in particular setting us apart, by offering a tailored and personal direct to store service to thousands of independent retailers across the UK.

We market...

When it comes to marketing, innovating and building our brands we like to have some fun, appealing to our broad range of consumers, whether that's through advertising campaigns, digital and social media, sponsorship or supporting local community events.

We sell...

Building long-lasting relationships with our customers across all our key markets is fundamental to our business. Whether it's a large food retailer, a wholesaler, a regional restaurant group or a local independent retailer, we work collaboratively with all our customers to understand their businesses and find winning consumer propositions in a practical and profitable way.

WE CREATE VALUE, WITH VALUES...

Our business model has proven successful for more than 140 years and continues to **create and deliver value, with values**, to a wide range of stakeholders.

Shareholders

£13.4m of dividends paid during the year. **£5.8m** re-invested in long-term business growth through annual capital expenditure.

Dividends paid

£13.4m

Suppliers and customers

Directly contracted with more than **70 suppliers** with an annual spend of over **£100m** while working closely with thousands of **customers** to co-create joint business plans.

Suppliers

70

Employees

£40.2m paid in salaries and wages to our **895 employees** across the UK.

Salaries paid

£40.2m

UK economy and communities

With **96%** of our revenue generated in the UK, and through our **£6.5m** corporation tax and **£4.8m** national insurance payments to the **government**, we continue to play our part in growing the UK economy while also donating over **£100k** to good causes across our **communities**.

Charitable donation

£100k

Underpinning everything we do is our belief that how we act reflects who we are. We take our responsibilities seriously and continuously strive to be a sustainable and responsible business that listens to our consumers, takes care of our people, values diversity, works to minimise our environmental impact and gives something back to the communities we serve.

Years of responsible actions

145+

Our Strategy and Financial KPIs

Our overarching purpose is to **create value, with values** – for our shareholders, consumers, customers and for society as a whole. We do this by building great brands.

OUR STRATEGIC PRIORITIES

Connecting with consumers

Consumer insight drives our business. Consumer preferences are changing and we ensure that we take the time to listen, to understand and respond proactively to ensure our portfolio of brands constantly develops and meets our consumers' needs.

Read more on **pages 18 to 20**.

Building brands

We are brand owners and builders, offering a diverse and differentiated portfolio of products that people love. With our powerful brands, and a strong track record of bringing successful innovation to market, we seek to grow brand awareness, loyalty and product distribution so that we outperform the market.

Read more on **pages 18 to 20**.

Driving efficiency

We continually strive for greater effectiveness across our business, investing for growth and efficiency, while also ensuring strong financial controls are in place. As our business develops, we are committed to driving continuous improvement across our processes and technology. As an asset-backed business we drive operational improvements, flexibility and efficiency through our expansionary capital investment programmes, equipping us with some of the industry's most advanced operational capability.

Read more on **page 21**.

Building trust

Building and maintaining long-lasting trust and successful relationships is central to our business and always has been. Our responsible behaviour over the last 145 years has created a firm foundation, upon which we want to build further. Being a trusted business that acts with integrity is fundamental to our stakeholder relationships – from our consumers and customers to our suppliers and communities. Equally, as the world around us changes, with climate change in particular becoming increasingly more pressing, our strategic choices are more than ever informed and supported by our desire to do the right thing and to play our part in addressing the key issues facing society.

Read more on **page 21**.

KEY PERFORMANCE INDICATORS

Non-financial KPIs
Can be found on **page 24.**

Net cash from operating activities

£43.4m
(14.4%)

2022	£43.4m
2021	£50.7m

Net cash from operating activities is defined as the cash generated/(used) in the ongoing regular business activities in the year.

Basic earnings per share

25.09p
46.1%

2022	25.09p
2021	17.18p

Reported profit attributable to equity holders divided by weighted average number of shares in issue.

Full year dividend per share*

12.0p

2022	12.0p
2021	N/A

Total dividend declared for the full year excluding any special dividend.

Revenue

£268.6m
18.3%

2022	£268.6m
2021	£227.0m

The increase in value of revenue recorded relative to the prior year.

Gross margin*

44.2%
292 bps

2022	44.2%
2021	41.2%

Reported gross profit divided by revenue.

Profit before tax and exceptional items*

£41.5m
26.5%

2022	£41.5m
2021	£32.8m

Profit before tax less any exceptional items.

Operating margin before exceptional items*

15.6%
83bps

2022	15.6%
2021	14.8%

Operating profit before exceptional items and before the deduction of interest and taxation, divided by revenue.

EBITDA margin*

19.8%
(68)bps

2022	19.8%
2021	20.5%

EBITDA (defined as operating profit before exceptional items, depreciation and amortisation) divided by revenue.

Return on capital employed*

19.6%
355bps

2022	19.6%
2021	16.0%

Profit before tax and exceptional items as a percentage of invested capital. Invested capital is defined as year end non-current plus current assets less current liabilities excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

Key performance indicators (KPIs) relate to the 53-week financial year ended 30 January 2022 and the 52-week financial year ended 24 January 2021.

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 188 to 191.

Chief Executive's Review

"I am pleased to report our results for the 53 weeks ended 30 January 2022. We have delivered a strong financial performance during what was another volatile year. We successfully navigated intermittent Covid-19 restrictions and periods of significant market recovery, as well as the well documented issues associated with labour shortages, material availability challenges and the beginning of a period of higher inflation across the UK."

Roger White
Chief Executive

We have made significant progress across all our key financial metrics as follows:

- Group revenue £268.6m (2021: £227.0m)
- Profit before tax and exceptional items* £41.5m (2021: £32.8m)
- Profit before tax and after exceptional items £42.2m (2021: £26.0m)
- Operating margin before exceptional items* 15.6% (2021: 14.8%)
- Net cash at bank* of £68.4m (2021: £50.0m)
- Basic earnings per share before exceptional items* 24.46p (2021: 22.31p)

Note: 2021 comparatives above are for the 52 weeks ended 24 January 2021.

I would like to take this opportunity to thank the entire A.G. Barr team who have continued to demonstrate their ability to adapt to all the challenges faced. I would also like to recognise our suppliers and our customers, with whom we have worked in partnership throughout the pandemic to maintain consumer availability.

Our trading has strengthened across the year as a consequence of the successful execution of our growth strategy, investing in our brands, innovation, operations and people, combined with a general market recovery.

While there were several periods across 2021 when social restrictions were in place, impacting consumption patterns, we have also experienced periods of elevated demand, such as in Spring 2021 when the hospitality sector reopened and restocked accordingly. As restrictions eased across Summer and into Autumn 2021, we saw notable uplifts in our out of home and hospitality channels, while retaining strong take home trading, alongside strong growth in online channels. While the emergence of the Omicron variant towards the end of our financial year led to further unexpected social restrictions, and some operational challenges related to employee absence, our brand momentum was not materially impacted and we exited the year strongly.

Statutory profit before tax of £42.2m is a 62.3% year-on-year increase and sees us materially ahead of our 2019/20 (52-week) pre Covid-19 profit levels, which included the contribution from the Rockstar brand.

Soft drinks market

At the outset of the Covid-19 pandemic in March 2020 we saw significant shifts in consumer purchasing behaviour, largely in response to the social restrictions put in place by Governments across the UK. Hospitality and on-the-go consumption fell, while take home purchasing increased. This in turn led to a corresponding decline in those sub sectors more associated with impulse purchasing, such as water and sports drinks. It also led to an increase in share for sub categories such as dilutes, with more people working and schooling at home, as well as for mixers, cola and lemonade, as sales moved from the hospitality channel, largely unmeasured by retail data sets, into the home.

Over the past 12 months, particularly as lockdown restrictions have eased, these trends are gradually reversing, with both consumer behaviour and market data beginning to return to pre Covid-19 levels.

Once again, the soft drinks market has proven its resilience in volatile times with IRI Marketplace data for the 52 weeks to 29 January 2022 recording the total UK soft drinks retail market increasing in value by 8.9% and in volume by 1.7%. Carbonates grew in value by 7.3%, while stills grew 11.1%. The strong value growth across the market reflects a number of dynamics, including the recovery of the "drink now" channel and a reduction in promotional activity against a backdrop of UK cost inflation.

We have maintained our value share of the soft drinks retail market, however the category disruption, as detailed above, means our strong revenue performance is not fully reflected in the retail market data read. That said, we have seen market share value gains in England and Wales, driven by significant growth in take home multipack formats. Our share in Scotland has been impacted by strong growth in certain channels not captured in the market read.

Cocktail market

The hospitality sector remained closed at the outset of our financial year. However since the channel began to reopen in the Spring of 2021, the cocktail category has performed extremely well, benefiting from increased numbers of consumers returning to venues and increasing levels of participation in the category. Cocktails outperformed other categories and experienced 61% like-for-like growth in the 10 weeks post reopening versus the same 10 weeks in 2019. This outperformance continued, with cocktails accounting for 9.9% of total venue drink sales from April 2021 to the 23 October 2021, versus 6.0% in the same 2019 period.

While the emergence of the Omicron variant towards the end of 2021 led to both the reintroduction of some social restrictions and increased consumer caution over the festive period, the cocktail category remains a significant growth opportunity for the hospitality sector in general. GB consumers drinking cocktails out of the home have now reached 7.4m, the equivalent of 15% of the adult population, with 43% of those consumers drinking cocktails at least weekly, a 13% increase versus 2019.

Cocktail consumption at home, which accelerated dramatically during 2020, has continued its positive growth momentum notwithstanding the reopening of the hospitality sector. The total ready to drink (RTD) category is in strong growth, now worth £509m on a moving annual total basis. Within this RTD category, cocktails make up 18% (£92m) and have grown by 44% year-on-year.

(Sources: CGA Mixed Drinks Report Q1 2021; CGA Drinks Recovery Tracker; CGA Mixed Drinks Report Q3 2021. Nielsen Pre Mixed Alcoholic Drinks Total Coverage Data MAT 15/01/2022).

"Our trading strengthened across the year as a consequence of the successful execution of our growth strategy, investing in our brands, innovation, operations and people, combined with a general market recovery."

Roger White
Chief Executive

Group revenue

£268.6m

(2021: £227.0m)

Profit before tax and exceptional items*

£41.5m

(2021: £32.8m)

Responsibility Report

Details of all our responsibility commitments, goals and activities can be found on **pages 22 to 45.**

Chief Executive's Review continued

Strategy execution

We remain committed to our strategic priorities – connecting with consumers, building brands, driving efficiency and building trust. Within this framework we have made good progress in short-term delivery, in medium-term planning as well as in our longer-term goal setting, particularly across our environmental sustainability agenda and our net-zero commitments.

Connecting with consumers

We entered the 2021/22 financial year with a large number of Covid-19-related social restrictions still in place. However, having continued to invest in our brands in 2020, we were determined to accelerate our core brand growth in 2021 through a materially higher level of brand development activity and an enhanced sales execution programme.

We developed and executed exciting marketing campaigns across our core brands, IRN-BRU, Rubicon and Funkin, with extensive activity, both above and below the line, across the year. As a result:

Brand	Revenue growth versus 2020/21*	Revenue growth versus 2019/20* (pre Covid-19)
IRN-BRU	16.8%	5.5%
Rubicon	39.8%	26.1%
Funkin	117.6%	92.1%

* 52-week financial years.

Building brands

We have continued to deliver on our strategic aim of building a multi-beverage portfolio of brands, with a specific focus on developing within higher growth sectors.

We have a long-standing and proven brand building capability within the energy sector, which we brought to bear within our Company-owned portfolio, initially with IRN-BRU Energy, and more recently with the creation and launch of our new Rubicon RAW Energy range. This new addition to our Rubicon portfolio is specifically aimed at the growing number of consumers entering the energy category who are looking for a more natural, juice-based energy proposition. We have successfully supported Rubicon RAW Energy with our first ever major digital only marketing campaign, utilising a range of marketing channels focused around outdoor activities and their associated communities. After a successful launch phase, we are now building on the strong rate of sale and are further developing the UK-wide distribution of this exciting addition to our portfolio.

Funkin has made particularly strong progress across the past 12 months as a market-leading consumer brand with first mover advantage within RTD cocktails. As we anticipated 12 months ago, the reopening of the hospitality sector and the outperformance of cocktails within this channel have not impacted the growth momentum of Funkin RTD cocktails in the take home channel. Funkin has grown its RTD distribution base and delivered successful product and pack innovation. This has been supported by above the line marketing investment, aimed at building Funkin brand awareness and trial in this exciting new take home category.

Funkin remains the UK's number one RTD cocktail brand.

In addition to the innovation and development of our existing brand portfolio, we have further invested in growth potential with our initial 61.8% equity stake in MOMA Foods Limited. Plant-based milk is a fast-growing category and MOMA's oat milk is a premium quality product which we believe has significant potential.

MOMA's oat milk, launched in 2020, is one of the UK's leading oat milk brands and sits alongside their existing porridge and oat based products. This is a really exciting investment for A.G. Barr and a positive indication of our growth ambition. We expect to acquire the remaining 38.2% of MOMA over the next three years.

Driving efficiency

2021/22 was a year characterised by supply chain challenges, including key material availability issues and driver shortages. Against this backdrop, our focus for much of the year was on the resilience of our operations, prioritising customer service and product availability over costs.

However our drive for long-term efficiency and effectiveness continued at pace. Our value optimisation programme identified a pipeline of product optimisation and cost reduction initiatives, which are now helping to mitigate the higher inflation that began to bite at the end of 2021. This is a long-term programme which we expect to add considerable value for some time to come across a wide range of business areas, from reductions in packaging weight and usage through to minimising miles travelled and optimising our distribution network.

We have also developed and launched a new multi-year manufacturing excellence programme – "Brilliance in the Making" – investing significantly in our people and processes to drive long-term operational efficiency across our manufacturing base.

While we chose to limit our capital expenditure during the pandemic, we will now begin to accelerate our capital investment programme in both normal replacement and growth projects. In the short-term, this will see higher capital investment, before returning to more normal levels in the medium-term as we prioritise investment for growth, sustainability and efficiency.

Building trust

In another year when Covid-19 permeated much of our personal and professional lives, we continued to prioritise the safety and wellbeing of our employees, while at the same time looking beyond the pandemic, making positive changes to support our cultural development. From hybrid working and mental health support, to progressing gender balance and engaging with our communities, we are proud of the responsible actions we have taken across the year and the progress we continue to make.

It is becoming increasingly clear that corporate commitments alone are not enough, they need to be supported by honest and meaningful actions. We are proud of how our values have underpinned our behaviours and decision making over many decades, however we know that the trust we have earned from our consumers, customers and stakeholders needs to be backed up by purposeful and responsible actions, today.

We reached a major milestone in 2021 within our environmental sustainability programme, **"No Time To Waste"**, completing an assessment of our carbon footprint across our full product life cycle and value chain. This data has now allowed us to set science-based targets that will guide us on our journey to becoming a net-zero business. Mindful of the importance of balancing ambition with genuine deliverability, and using the Science Based Target Initiative's new Net-Zero Standard to ensure the most credible basis of measurement, we are committing to be net-zero across our own operations by 2035. We have developed a deliverable and realistic decarbonisation roadmap to underpin this commitment and we are already making good progress as detailed in our Responsibility Report on pages 22 to 45. We are working closely with our suppliers and partners with a commitment to become net-zero across our full supply chain by 2050, if not sooner.

Strategy in action

Examples of our strategy in action can be found on **pages 18 to 21.**

> **"The growth potential of our business is underpinned by our growing brands, our highly capable people and our resilient infrastructure."**
>
> **Roger White**
> Chief Executive

Chief Executive's Review continued

Outlook

Our business and brands have once again proved their resilience in uncertain and often challenging circumstances.

We have delivered an excellent financial performance, generated by strong topline sales growth, resulting in a profit performance ahead of 2019/20 pre-pandemic levels and underpinned by a very robust balance sheet with a recommencement of our progressive and sustainable dividend.

We continue to take action to improve our environmental sustainability. Much of our focus in the coming year will be on increasing our use of recycled materials, reducing our carbon footprint and readying our business for a successful deposit return scheme implementation due to go live in Scotland in August 2023.

We enter the new financial year with good momentum, exciting brand and sales plans, and have taken action to mitigate the significant inflationary pressures we face.

The growth potential of our business is underpinned by our growing brands, our highly capable people and our resilient infrastructure. We plan to invest further in all of these important areas and I remain confident in our ability to deliver continued growth in both revenue and profit in the coming year.

Roger White
Chief Executive
29 March 2022

Net cash at bank*

£68.4m

(2021: £50.0m)

Basic earnings per share before exceptional items*

24.46p

(2021: 22.31p)

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 188 to 191.

OUR INVESTMENT CASE

- Ambitious with clear and consistent value-driven strategy
- Brand owner and builder with differentiated portfolio
- Strong customer and consumer focus
- Asset-backed, simple and effective business model
- Disciplined capital allocation
- Growth potential within key markets
- A responsible business
- Long-term strong financial performance

Our Strategy in Action

Rubicon Spring, Fabulously Fruitified

2021 was Rubicon Spring's best performing year to date – it is now the biggest 500ml drink within the flavoured water category and growing 36% year-on-year.

Across the year, we ran three national campaigns targeting 16-34 year olds:

- May saw us launch Pineapple Passion flavour across key social platforms, including Spotify sponsored social sessions, together with a national consumer sampling plan. The campaign's tag – "It's Spring Water Fabulously Fruitified" – reinforced Spring's positioning whilst introducing the new exciting flavour
- Summer saw the "Make the Unboring Choice" campaign run across broadcast and on-demand TV, alongside out of home media, Spotify and social
- January saw the launch of Rubicon Spring's "Squeeze" campaign – reinforcing its health credentials to consumers looking for exciting healthy choices

A great year for Rubicon Spring.

Building brands

Connecting with consumers

IRN-BRU magic

Over its 120 years, IRN-BRU has developed quite a reputation for its humorous, unique and sometimes irreverent advertising, and 2021 was no exception. "Let's Just Agree it Tastes Magic" was one of the brand's biggest marketing campaigns to date across TV, social media and sampling. The filming took place in Romania, at the same set used for the Hollywood blockbuster movie "Cold Mountain".

Connecting with consumers

Funkin No 1

Funkin is the number 1 RTD cocktail brand in the UK.

Our "Best Served Everywhere" campaign cemented this top position, interacting with consumers across TV and out of home media, throughout the summer and at Christmas.

In November, our range of RTD cocktails picked up five medals in the Spirits Business Pre-mixed and RTD Masters, against stiff competition from more than 100 branded competitors.

Building brands

Connecting with consumers

Bibbidy Bobbidy BRU!

This year saw IRN-BRU appoint RuPaul's Drag Race UK & Bafta winner Lawrence Chaney as Scotland's very first "Fairy Godmaw", sprinkling orange magic dust across the festive period.

The "Bibbidy Bobbidy BRU!" campaign put BRU firmly at the heart of Christmas with Lawrence donning their fairy wings and granting Christmas wishes for IRN-BRU fans across Scotland.

The campaign began with a series of social films including "IRN-BINGO", starring the Fairy Godmaw herself. This was followed by consumer engagement which encouraged fans to send in their Christmas wishes to the Fairy Godmaw across social channels in return for special IRN-BRU festive packs. The Fairy Godmaw took to the streets of Glasgow and Edinburgh to meet Christmas shoppers and surprised IRN-BRU superfans with deliveries of IRN-BRU in person, making their Christmas wishes come BRU!

With widespread PR coverage and strong influencer engagement, the campaign saw the Fairy Godmaw became a Scottish icon over Christmas with people putting her picture on top of their trees, creating fan art, recreating her BRU look, and asking her to sign cans of BRU at shows.

Connecting with consumers

Our Strategy in Action continued

Rubicon RAW Energy

Our new energy brand **Rubicon RAW Energy** was launched in February 2021, introducing an exciting and different energy drink to the market. Available in three exotic fruity flavours, Rubicon RAW Energy delivers a big energy hit from natural caffeine combined with the big fruit flavour and amazing taste that Rubicon is famous for.

Since launch, we've sold over 11 million cans.

We targeted our marketing activity around communities where big can energy drinkers dominate – including hiking and surfing – and we engaged with consumers through sampling, social and digital activation, and by engaging with influencers to drive brand reach and credibility with the right audience. This strategy, combined with partnerships with organisations like the British Mountaineering Council, contributed to a very successful first year.

Building brands

Connecting with consumers

IRN-BRU celebrated tournament virgins

The Euros football tournament presented IRN-BRU with the opportunity to engage with the estimated one-fifth of the population that had never seen Scotland's men's team play at a major tournament.

Two new "Tournament Virgins" adverts helped prepare tournament newbies ahead of the Summer. The brand also teamed up with Scotland football legend Colin Hendry to give out lucky IRN-BRU pants to the Tartan Army. The lucky pants were a huge hit on social media.

Connecting with consumers

New electric forklift trucks

Our new 70-strong electric forklift fleet arrived in 2021, in an efficiency move that took us away from LPG-powered trucks. The upgrade to a fully electric forklift fleet, using a combination of lithium-ion technology and conventional battery powered vehicles, allows for continuous green operation of the fleet 24 hours a day, seven days a week.

And as lithium-ion batteries do not emit any gases during charging, the need for expensive exhaust systems at charging stations was removed. Manual handling was reduced too, with no need for gas cylinder changes, giving our teams increased uptime to meet customer demand.

With sustainability a key driver for us, the switch to lithium-ion brought with it a reduced carbon footprint benefit – and immediately reduced the levels of air and noise pollution in our indoor spaces, creating a cleaner and more pleasant working environment.

Driving Efficiency

Building Trust

Reducing waste at Milton Keynes

Recycling is vital – but just as important is producing less waste to begin with.

Our Milton Keynes team embraced this ethos when they moved away from cardboard delivery boxes from one of their biggest engineering parts suppliers. Now the team takes deliveries in reusable Tote Boxes, that are taken away and reused, also saving energy and time associated with cardboard baling.

This move to reusable delivery boxes has removed the equivalent of 12,500 sheets of paper per year – enough to stretch around Wembley Stadium 3.75 times.

Driving Efficiency

Building Trust

Strategy

For information on our strategy, see **pages 10 and 11.**

Responsibility Report

Behaving responsibly for over 145 years. We are proud of our brands and business. We are also proud of the positive contribution we believe we make to society. It is our belief that how we act reflects who and what we are.

For over 145 years we've been brand owners and builders, offering a diverse and differentiated portfolio of products that people love and our business has grown as a result. The continued financial strength of our business is important not only to our 895 employees and our shareholders, but also on a broader basis, where our performance positively impacts a wide range of stakeholders, from customers and suppliers to the communities we operate in and the UK economy as a whole.

Our overarching business purpose is to **create value, with values** – for our shareholders, consumers, customers and for society as a whole. Our values include our commitment to behave responsibly. Our responsibility agenda has always been woven into the fabric of our business and, in today's world, as we grow and develop, it's more important than ever that we play our part in addressing the key issues facing society, such as the need to tackle the impact of climate change.

We are also mindful that our actions can contribute towards global improvements. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

While there will be actions we take that contribute both directly and indirectly to many of the SDGs, we have focused our SDG connections where we believe we can most directly play our part. These are:

Good health and wellbeing

Ensure healthy lives and promote wellbeing for all at all ages.

Responsible consumption and production

Ensure sustainable consumption and production patterns.

Gender equality

Achieve gender equality and empower all women and girls.

Climate action

Take urgent action to combat climate change and its impacts.

Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

We focus our specific responsibility goals and commitments on those areas where we believe we can make the greatest positive economic, environmental and social impact, supporting our contribution to a sustainable future for all. We also engage with a wide range of stakeholders, as set out on pages 62 to 67, to ensure that our priorities are aligned. As such, behaving responsibly at A.G. Barr is underpinned by four key commitments which we believe to be material matters to both our business and our key stakeholders:

OUR KEY RESPONSIBILITY COMMITMENTS

We act with integrity

Key focus areas
- Safety and wellbeing
- Employee engagement
- Responsible policies and practices

Long-term goals
Accident incident rate
- Zero work related accidents

Employee engagement
- 2022 Goal: 80%

Women in Leadership
- 2025 Goal: 45%

We respect the environment

Key focus areas
- Carbon reduction
- Packaging
- Water and waste
- Sustainable sourcing

Long-term goals
Never again send non-hazardous waste to landfill

Reduction in greenhouse gas emissions
- 2025 Goal: 40% reduction from a 2015 base year. This goal has been achieved, with new carbon reduction goals detailed below.

Carbon emission reduction across our own operations (Scope 1 & 2 emissions market-based approach)
- 2030 Goal: 60% reduction from a 2020 base year
- 2035 Goal: 90% reduction* from a 2020 base year

Improvement in water usage efficiency New 2025 Goal**
- 2025 Goal: 10% improvement from a 2020 base year

Recycled PET content
- 2022 Goal: IRN-BRU and Rubicon 100% rPET
- 2023 Goal: Full portfolio 100% rPET

New Goal Carbon emission reduction across our wider supply chain (Scope 3 emissions)
- 2030 Goal: 25% reduction from a 2020 base year
- 2050 Goal: 90% reduction* from a 2020 base year

We support healthy living

Key focus areas
- Calorie reduction
- Responsible advertising and marketing
- Labelling

Long-term goals
To continue to advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information, enabling our consumers to make informed choices.

We give back

Key focus areas
- Community engagement
- Charity partnership
- Employee volunteering

Long-term goals
To support our corporate charity partnership by donating £150,000 over three years and raising awareness across our own teams.

Key policies
We have high expectations of our suppliers, our partners and ourselves. Across more than 145 years of operation, we have developed robust and responsible policies that guide what we do and how we work with others. The key policies, statements and guidelines we rely upon and that support our responsibility commitments are now available on our Group website at **www.agbarr.co.uk**.

* Net-zero achievement in accordance with revised Science Based Target Initiative requirements.
** See commentary in Water and Waste section on pages 34 and 35.

Note: Goals above stated in calendar years

Responsibility Report continued

Non-Financial KPIs

In support of our responsibility commitments we measure a range of non-financial KPIs as set out below:

Accident incident rate

8.6

Number of accidents (RIDDOR) per 1,000 people – relative to both our employees and agency workers. Further information is provided in our Safety and wellbeing culture section on pages 26 and 27.

Employee engagement

75%

As measured by our annual "Your Voice Matters" employee survey. Due to the impact of Covid-19, no survey was conducted in 2020/21.

Women in leadership

41%

Number of females defined as leaders/senior managers across Barr Soft Drinks and Funkin business units combined.

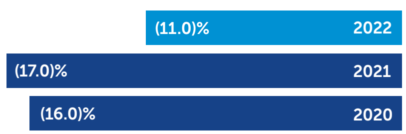
Reduction in greenhouse gas emissions

45.2%

Percentage reduction in total Scope 1 and Scope 2 greenhouse gas emissions. Baseline 2015. Previous long term goal now achieved and replaced with new science-based targets as detailed on page 23.

Improvement in water usage efficiency

(11.0)%



Baseline 2015. Ratio of total water used relative to total litres of product produced. Further information is provided in our Waste and water section on pages 34 and 35. Numbers in brackets indicate reduction in water usage efficiency.

Non-hazardous waste diverted from landfill

100%

Quantity of waste from Company-owned sites diverted from landfill relative to total waste.

Non-financial information statement

The information presented here, and throughout the report as cross-referenced below, complies with the requirement under sections 414CA and 414CB of the Companies Act 2006 to provide information on certain non-financial matters. Our Responsibility Report on pages 22 to 45 provides the required information in relation to content on environmental matters, our employees, community issues and social matters, as well as setting out our non-financial metrics. Our business risks are included within our Risk Management section on pages 50 to 57. The Responsibility Report also complies with the Streamlined Energy and Carbon Reporting (SECR) requirements as required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. We have complied with the requirements of Listing Rule 9.8.6R by including climate-related financial disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures.

It is the Group's policy to conduct all of its business in an honest and ethical manner. It is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates.

The Group is a UK Living Wage accredited employer.

The Group publishes its Modern Slavery Act Transparency Statement annually. This explains the steps that we take to seek to ensure that there are no incidents of modern slavery within the business and its supply chain, in accordance with the UK Modern Slavery Act 2015. The Board reviews the Group's operational, legal and compliance framework to prevent modern slavery in its supply chain, which includes employee training, contractual terms and conditions, and due diligence processes.

The Group's Anti-bribery and Corruption Policy (ABC Policy) available on the Group website, emphasises the Group's zero tolerance approach to bribery and corruption. It sets out the Group's responsibilities, and of those working for it and parties acting on its behalf, in observing and upholding its position on bribery and corruption in compliance with applicable laws, and provides information and guidance to those working for the Group and parties acting on its behalf on how to recognise and deal with bribery and corruption issues. The ABC Policy is clearly communicated to all employees. Anti-bribery and corruption training is provided to all employees on induction and on a regular basis thereafter. The Group maintains an anti-bribery and corruption register, which records details of corporate hospitality, and gifts given and received by employees over a specified value. The Group's international department undertakes appropriate due diligence on all third parties acting on its behalf and maintains a third-party anti-bribery and corruption register. As confirmed on page 73, the Audit and Risk Committee reviews the effectiveness of the Group's anti-bribery systems and controls, reviews and approves the Group's ABC Policy on an annual basis. No bribery and corruption issues arose during the year.

There is currently no specific human rights policy in place however our new Supplier Code of Conduct, available on the Group website at **www.agbarr.co.uk**, sets out the minimum standards we require our suppliers to meet, including human rights, and forms part of their contractual commitment to us. As a UK business, we comply with the full spectrum of employee protection legislation. We believe our existing policies ensure the rights of our own employees are respected fully and our robust supplier controls, as set out on page 35 provide assurance when considering human rights impacts beyond our direct control.

Business Model

A description of our business model can be found on **pages 8 and 9.**

Responsibility Report continued

We act with integrity

Safety and wellbeing culture

We work hard to create a culture in which safety and wellbeing are our top priorities. Our ultimate goals in this area are zero work-related accidents and the provision of safe and healthy working environments for all. We continuously improve our management systems to underpin our objectives and to ensure compliance with all health and safety related legislation as a minimum. Our thorough and varied safety management activity programme is designed to keep safety at the top of everyone's agenda, with actions ranging from safety awareness initiatives and behavioural safety training, to site audits and reporting.

The safety of our employees remained paramount in another year impacted by the Covid-19 pandemic. We continued to ensure our most vulnerable colleagues were protected, as well as maintaining strong safety controls across our sites to safeguard all of our people, particularly those colleagues working in key production, warehousing and delivery roles who were unable to work from home at any stage during the pandemic.

Having sought the views of our homeworking colleagues on post Covid-19 ways of working, the clear preference was for a blend of homeworking and office/field working and, as such, we are now trialling hybrid working for a 12-month period.

Since partnering with Mental Health UK as our employee-chosen charity in 2019, there has been an increasing focus on raising mental health awareness within the workplace, creating a culture where mental health conversations are encouraged and our people are properly supported. We now have 54 Mental Health First Aiders across the business, specially trained to be there for those who need them, and Mentally Healthy Workplace training is now being undertaken by all employees.

We have continued to review our workplace activities and are focused on reducing risk through the implementation of suitable control measures. Positively, our lost time accident incident rate has decreased during the year with a significant reduction in minor non lost time injuries with a corresponding high number of safety conversations taking place. Unfortunately, we did sustain a number of lost time accidents, the majority of which were associated with manual handling operations. We continue to partner with manual handling specialists who have developed a tailored programme of training, video productions and coaching resources to help encourage all team members to operate safely.

In focus
Important accreditations

We are delighted to have now successfully achieved ISO 45001 certification following a review of our health and safety management system along with a programme of robust internal audits.

The feedback from the audits was extremely positive around senior management commitment, employee engagement, good local health and safety practice, as well as robust hierarchy of controls and accident reporting and management systems. This important accreditation is a pleasing validation of the hard work that is ongoing to improve our health and safety processes, standards and culture.

In addition, following a thorough and independent audit of our Cumbernauld, Milton Keynes and Forfar manufacturing facilities, we were delighted to retain our British Retail Consortium (BRC) AA rating. The BRC accreditation programme provides a framework to assess and manage product safety, integrity, legality and quality, as well as the operational controls within food and drink manufacturing and processing. Recognised by supermarkets and large organisations worldwide, an AA certification is the highest possible rating for a BRC planned audit and independently confirms that high food safety standards are in place.

Additional health and safety initiatives included:

- Ongoing review and roll out of updated risk assessments and safe systems of work
- Internal training, including dynamic risk assessment, contractor control and accident investigation training
- Provision of IOSH Working and Managing Safely courses across our supply chain operations
- Implementation of Rackeye, racking impact monitoring system, within our warehouses. This has helped improve operator awareness and reduce racking impact
- Introduction of a new managed service for Display Screen Equipment assessments, including for our home and field-based employees
- Two-way communication via health and safety committees and representatives across all business areas

Our accident incident rate KPI, as detailed in our non-financial KPIs on page 24, includes those accidents involving our own and agency employees, however as part of our regular accident monitoring and reporting processes, any accidents that occur on our premises by contractors or other third parties are recorded, fully investigated and the learnings taken into account.

We are continuing to work with the Keil Centre, chartered psychologists and ergonomists with significant safety-related experience, carrying out follow-up workshops across our supply chain operations to reassess our health and safety cultural maturity. In addition to the assessments with Keil, we conduct annual health and safety surveys to help ensure we are on course with our improvement plans. Previous assessments have resulted in a comprehensive safety improvement programme with a range of interventions identified across our teams to drive improved safety-related behaviours, awareness and decision making.

We will continue to work hard towards delivering an improved safety performance in the year ahead.

Employee engagement

A.G. Barr has a positive, results-driven and supportive culture, developed over many years. We believe that our culture is unique and makes A.G. Barr a great place to work. We want to ensure that the essence of what it means to work at A.G. Barr is valued and nurtured. Underpinning everything that we do is our belief in performance through people – a positive and engaged team is central to our success.

Over the past 12 months the working practices established in 2020 by and large continued unchanged, with many employees working from home for the majority of the year and our essential workers in our factories, warehouses and logistics operations continuing to work with Covid-19 safety measures in place.

With government guidance changing regularly, and often differing from one part of the UK to another, communication was key. We worked hard to update our teams quickly and clearly, ensuring that we articulated what government communications meant on a practical basis within our business. We also kept our communications positive and engaging, mindful of the need to support our people through difficult times and maintain a sense of fun and involvement.

In focus

Forfar sets the safety standard

Our Forfar site achieved a very significant milestone in January 2022 – three years with zero lost time accidents.

This is an incredible result for a manufacturing facility and is testimony to the hard work and strong safety culture across the Forfar site.

Safety is the first topic of the day at Forfar, with each shift starting with a safety moment, and a recent refresh of all the site's safe operating procedures has raised safety awareness even further and played a valuable part in this achievement.

Responsibility Report continued

We act with integrity continued

Employee values

The employee values across Barr Soft Drinks are embodied by our **Barr Behaviours** – a simple behavioural framework central to who we are and how we operate. These behaviours are at the heart and soul of Barr Soft Drinks and support how we work together to enhance performance. Whether recruiting new employees or developing our existing teams, our Barr Behaviours are core to our thinking and ensure we are all focused on our performance potential. Our behaviours centre on four main areas:

- **Being Brilliant** – striving to be the best "Barr" none, by always looking to the future and seeking to improve
- **Always Learning** – valuing feedback and taking responsibility for our development
- **Results Driven** – achieving high personal, team and business performance against clear objectives
- **Relationships Matter** – building strong relationships with colleagues, customers and consumers

Funkin's **EPIC** employee values centre on:

- the **Entrepreneurial** spirit that started Funkin and remains critical to the future success of the business
- the **People** with a passion for the Funkin brand, a sense of independence and the feeling that everyone matters and everyone can make a difference
- **Innovation** – constantly looking for new ways to deliver innovative solutions for our customers and consumers
- **Collaboration** – not only with our customers but also internally and with our partners

Learning and development

Learning and development in our business is about creating a Company-wide culture in which everyone is supported and challenged to take ownership of their results, the impact they have on others and their careers. Our teams are encouraged to take the lead in their own personal development, drawing from a wide range of learning opportunities. Our award-winning iLearn platform is our hub for development activity, with hundreds of hours of learning immediately accessible to all. We also recognise that people learn in many different ways – from classroom training and job shadowing to our successful mentoring programme and externally provided training courses, we try to ensure there's something to suit every individual in every area of the business.

Over the past 12 months we have continued to offer as many learning opportunities as possible to our people, despite some of the challenges associated with the pandemic – whether our online Manager Essentials programme, our successful NVQ candidates at our Milton Keynes site or our ever popular Sales Academy – learning and development remains an important part of our culture.

In focus

Wellbeing at Work

Our Wellbeing Hub is a portal available to the entire business, containing a wealth of useful information to support health and wellbeing. From webinars on how to manage stress, to details on our Employee Assistance Programme, the hub has proven invaluable to many of our colleagues, particularly in recent times when the pandemic has felt ever present.

While the Wellbeing Hub is a helpful online resource, at times nothing can compare with human contact and a friendly face. We recently participated in Time to Talk Day, with drop in sessions arranged to allow colleagues to take a break from work for 15 minutes and simply chat with colleagues, old or new, about everyday things.

In focus

Your Voice Matters

Our 2021 "Your Voice Matters" employee engagement survey results saw our highest ever response rate, with 88% of our people sharing their views and opinions with us. While down slightly on the prior survey, conducted before the pandemic, our overall employee engagement score was 75%, ahead of the UK FMCG benchmark of 73%.

(Source: Willis Towers Watson)

In focus
A Royal Visit and a Grand Opening

We were delighted to welcome Her Majesty The Queen and The Duke of Cambridge, Earl of Strathearn, to our Cumbernauld facility in June 2021. Her Majesty officially opened our new £13m process facility and both royal visitors spent time meeting employees and local schoolchildren.

The Royal visit also took place in the Cumbernauld site's 25th anniversary year, which saw a team of employees affectionately known as the "BRU CRU" organise a wide range of celebratory and fun employee engagement activities to mark the site's silver anniversary.

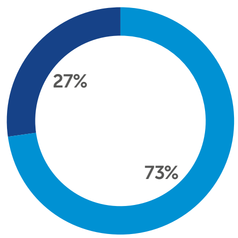
Diversity and inclusion

We believe that diverse and inclusive organisations that respect and value difference allow people to perform at their best. That's why we're taking steps to create an inclusive and positive working environment that encourages people with different backgrounds, experiences and perspectives to come together to work more effectively and creatively, with gender equality a specific and current area of focus.

The gender balance across the organisation now sits at 70% men and 30% women, broadly indicative of our industry. On our journey towards greater gender equality in 2020 we set a new KPI related to women in leadership, targeting 45% women across the leadership population by 2025. We are encouraged to see progress in our journey, with 41% senior female representation across the business at the year end, up from 29% in April 2017, and a year-on-year improvement on 39% in 2020/21.

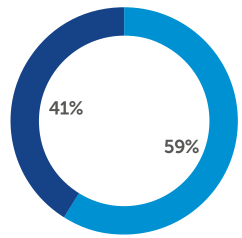
Gender Diversity 2022

Board & Company Secretary



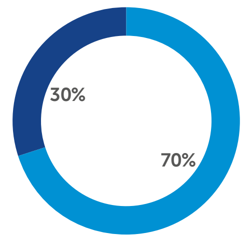
	2021	2022
Male	7	**8**
Female	3	**3**

Leadership Team



	2021	2022
Male	54	**54**
Female	34	**38**

All employees



	2021	2022
Male	610	**625**
Female	251	**270**

The key metrics from our latest Barr Soft Drinks Gender Pay Report are detailed below:

Mean Gender Pay Gap	Median Gender Pay Gap	Mean Bonus Pay Gap	Median Bonus Pay Gap
3.0%	**2.7%**	**42.2%**	**0%**
2020: 0.7%	2020: -1.1%	2020: 34.6%	2020: -15%

Positive numbers are favourable to men and negative numbers are favourable to women.

Responsibility Report continued

We act with integrity continued

The mean gender pay gap is the difference in the average hourly pay for women compared with men, within a company. In 2021 our mean gender pay gap widened slightly due to 2020 data being impacted by the pandemic, excluding those on furlough or with reduced pay. Overall, we have narrowed our gap from 4.1% in 2018 to 3.0% in 2021.

In common with many businesses, our bonus scheme payment thresholds are linked to business performance and generally increase with seniority. Our mean bonus gap, which is 42.2% in favour of men, is influenced by the higher proportion of men in more senior roles. Our median bonus gap is 0%. There is therefore no difference in median bonus between men and women.

% employees receiving a bonus payment

Male	Female
84%	**82%**
2020: 74.1%	2020: 70.8%

Over 80% of employees received bonus payments in 2021, reflecting the financial performance in what was an extremely unusual and challenging year. In 2020, there was a circa four percentage point difference in the percentage of men receiving a bonus in comparison with women. Positively, in 2021, this narrowed to a two percentage point difference.

With regard to closing the gender pay gap in particular we know this will take time, however we believe we are taking positive steps to support improvement in this area as shown in our longer-term results. These show that our mean gender pay gap has reduced from 12% in 2017 to 3% in this year's report.

As part of our commitment to creating a more inclusive culture, we continue to evolve our diversity and inclusion (D&I) approach by listening to our employees, running employee focus groups and using this valuable feedback to develop plans tailored to our business and our people. Across 2021, despite the challenges of the Covid-19 pandemic, we have made progress in the delivery of this plan across our three key focus areas:

- Gender Diversity in Recruitment and Development
- Flexible Working
- Gender Diversity in Leadership

The full Barr Soft Drinks Gender Pay Report is available on our website at **www.agbarr.co.uk**.

We look forward to delivering further improvements in 2022 and will continue to work on creating an environment that is inclusive, where people feel they can be themselves at work and where their opinions count.

Reward

Our approach to reward aims to link remuneration with the delivery of our key strategic priorities and our overarching purpose, to **create value, with values** – for our shareholders, consumers, customers and for society as a whole.

We strive to offer a fair and transparent total reward package that drives a performance-led culture and is linked to both the long-term sustainable success of the business and our values.

We target our pay at the market median or above, ensuring we can attract and retain high-calibre employees. We operate a number of incentive and bonus schemes, as well as performance related pay arrangements, designed to reward and motivate strong individual and collective performance.

We offer employees a modern and flexible range of benefits, offering choice to our increasingly diverse workforce. Every employee receives a flexible benefit allowance with which they can select the benefits most suitable to them personally. Healthcare features prominently, with a selection of health-related benefits made available either on a core benefit basis or within the suite of flexible benefits made available to all employees.

We comply fully with all the regulations associated with rewarding our employees fairly and are a UK Living Wage accredited employer.

More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report on pages 76 to 109.

Risk and regulation awareness

We have a robust risk management framework in place that is embedded across the business. In addition to the corporate risk register, governed by the Board, functional risk registers have been developed across our teams, allowing a wide range of employees at different levels to contribute to our risk assessment and assurance processes.

Our reputation is extremely important to us and it is the responsibility of every employee to act professionally, fairly and with integrity. This requires an understanding of the regulatory risks we face and how we can all play a part in mitigating these risks.

In support of this, we require all employees to complete the following five mandatory training modules:

- Introduction to Risk
- Data Protection
- Competition, Pricing and Confidentiality
- Bribery and Corruption
- Tax Evasion

Risk Management

Further details on our risk management actions can be found on **pages 50 to 57.**

We respect the environment

We take our environmental responsibilities very seriously, constantly seeking to minimise our impact on the world we operate in, whether through carbon and energy reduction, our water and waste control actions or the general reduction of our environmental impacts on areas such as packaging.

We have been accredited to the Environmental Standard ISO 14001 since 2003. This certification provides a framework against which we have developed comprehensive environmental procedures and monitoring systems. These processes have allowed us to measure our environmental performance and focus our activities on delivering long-term improvements.

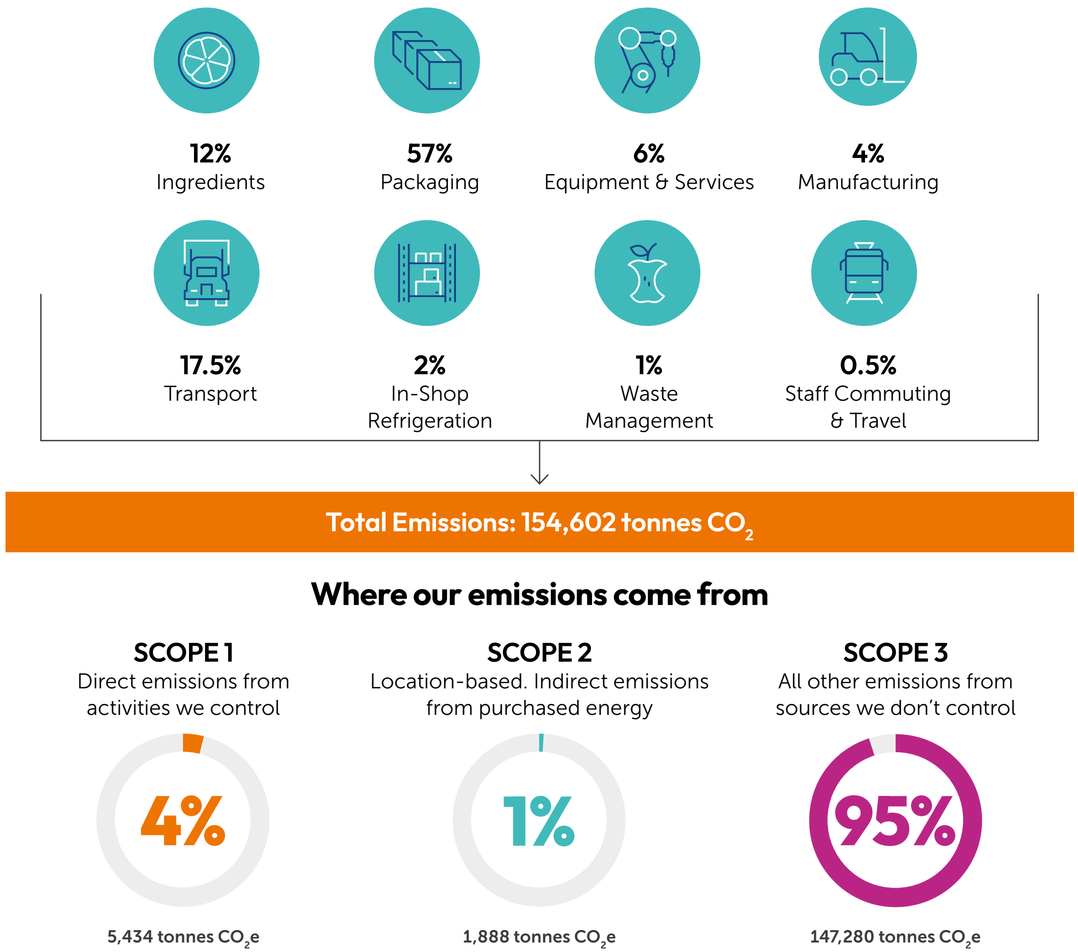
Carbon reduction

We have an important role to play in the transition to a low carbon and climate-resilient economy.

We have already exceeded our previously set greenhouse gas emission target of a 40% reduction based on a 2015 baseline, supported by a variety of decarbonisation initiatives, such as our move to 100% renewable electricity at all our sites. Further details on both our energy emissions and our energy efficiency actions and savings during the past 12 months are provided in our Streamlined Energy & Carbon Reporting (SECR) section on pages 36 and 37.

In 2021, working with independent sustainability experts The Carbon Trust, we undertook a thorough assessment of our 2020/21 Scope 1, 2 and 3 emissions to establish our carbon footprint across our full product life cycle and value chain. This covered the goods we purchase and the resources, fuel and energy we use in our day to day activities, right through to the point we deliver to customers. This important data has allowed us to accurately measure and verify our full carbon footprint for the first time.

Our 2020 greenhouse gas emissions



Note: The graphics show our 2020/21 Scope 1, 2 (market-based) and Scope 3 emissions data. Our SECR section on pages 36 and 37 also provides 2021/22 Scope 1 and 2 data.

Responsibility Report continued

We respect the environment continued

In 2015, 196 governments signed the Paris Agreement, which aims to keep average temperature increase to well below 2°C above pre-industrial levels. More explicitly, the agreement sets out to limit the temperature increase even further to 1.5°C.

The Science Based Target Initiative (SBTi) enables companies to demonstrate their leadership on climate action by publicly committing to science-based greenhouse gas (GHG) reduction targets. Science-based targets provide clearly defined pathways for companies to reduce GHG emissions. Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

SBTi requires companies to focus initially on emissions from their direct GHG emissions (Scope 1), their indirect emissions, including the consumption of purchased electricity (Scope 2) and then on their wider indirect (Scope 3) emissions.

Last year we communicated our ambition to be net- zero by 2040, if not sooner, however we also made it clear that as a business that prides itself on acting with integrity we would only confirm our net-zero commitment as and when we had a robust and deliverable plan in place.

In October 2021, just ahead of the COP 26 Conference, the SBTi published a new and more stringent Net-Zero Standard, which for the first time quantified the long-term carbon reductions that organisations must now deliver to become truly net-zero. Prior to this new standard, the SBTi only required organisations to set near-term targets, meaning organisations could make long-term net-zero commitments inclusive of material amounts of carbon offsetting.

The SBTi's new Net-Zero Standard now requires a minimum 90% carbon reduction across 90% of Scope 3 emissions before any offsetting of residual emissions can be taken into account. This new standard significantly increases the level of true decarbonisation required across organisations' full supply chains.

"The number of businesses committing to reach net-zero emissions has grown rapidly, but not all net-zero targets are equal. Without adhering to a common definition, net-zero targets can be inconsistent, and their collective impact is strongly limited. While the growing interest in net-zero targets represents an unparalleled opportunity to drive corporate climate action, it has also created a pressing need for a common understanding of "net-zero" in a corporate context. Business leaders need a robust, science-based framework for setting net-zero targets. Otherwise, they risk continuing to invest in business models that are inconsistent with the goals of the Paris Agreement.

Through a transparent multi-stakeholder process, the Science Based Targets initiative (SBTi) has developed the first global science-based standard for companies to set net-zero targets. The Net-Zero Standard gives business leaders confidence that their near-term and long-term targets are aligned with what is needed to contribute to a habitable planet, and it provides clarity on business climate action to a wide range of stakeholders.

Through the SBTi, companies can commit to net-zero, which includes setting validated near-term and long-term science-based targets consistent with limiting temperature rise to 1.5°C, to become distinguished as climate leaders and drive forward the global transition to net-zero."

Source: SBTi Net-Zero Standard – October 2021

In focus
The Road to Electric

Electric vehicles will play a big part in our journey towards net-zero with progress in this important area already being made:

- 70 LPG-powered forklift trucks now replaced by a fully electric forklift fleet using a combination of lithium-ion technology and conventional battery-powered vehicles
- new Company Car Policy allowing only hybrid and electric cars, and a long-term plan to reduce the size of this greener fleet to essential users only
- electric vehicle charging points have now been installed at all our main sites

We are pleased to report that following our full carbon footprint assessment, and aligned to the SBTi's significantly more challenging updated Net-Zero Standard, we have now set clear science-based carbon reduction targets*, as detailed on page 23, that will underpin our decarbonisation plans and our net-zero commitments.

We have now accelerated our carbon reduction programme across our Scope 1 and 2 emissions and are committing to be net-zero across our own operations by 2035. We have a deliverable and realistic decarbonisation roadmap which builds on the progress we have made and pushes further, from electric vehicles and solar panels to air source heat pumps and degasification projects.

For our indirect Scope 3 emissions, including purchased goods and services as well as upstream and downstream transport and distribution, we are working closely with our suppliers and partners with a commitment to become net-zero across our full supply chain by 2050, if not sooner.

Our ambitious commitments are being delivered through our **"No Time To Waste"** environmental sustainability programme, which brings together net-zero, plastic and packaging, waste, water and sustainable sourcing workstreams. **"No Time To Waste"** is a hugely important programme for the business and our Barr Soft Drinks and Funkin business units are working together and jointly committed to increase our sustainability and reduce our environmental impact. Further information is available on pages 38 to 43 within our TCFD disclosures.

* Pending SBTi validation

In focus

Green motoring at Moston

Our Moston depot has been playing its part supporting our **"No Time To Waste"** environmental sustainability programme by switching nine of its delivery trucks from diesel to Hydrotreated Vegetable Oil (HVO) fuel for a six-month trial period.

HVO is a paraffinic bio-based liquid fuel made from various kinds of vegetable oils such as rapeseed, sunflower and soybean.

It has a less pungent smell than diesel and when used in HGV vehicles it has a range of benefits including the reduction of CO_2 emissions and other gases.

Responsibility Report continued

We respect the environment continued

Packaging

We believe that packaging should be treated by all as a valuable resource and recycled, not discarded as litter. 100% of our soft drinks packaging is recyclable, with clear on-pack recycling messages. In addition, we continually seek to reduce the amount of packaging we use and have made significant achievements in this area. We use 20% less material in our plastic bottle designs than we did more than a decade ago and we recently removed difficult to recycle polypropylene sleeves from millions of our bottles.

As part of our **"No Time To Waste"** environmental sustainability programme, our plastic and packaging workstream has established a clear strategy with a long-term goal of 100% circular packaging. This means a future where packaging is reduced, reused and recycled.

Reducing the footprint of our packaging will be a critical part of our journey to reach net-zero with some of the progress we have made in 2021 detailed below:

- With the planning and preparation we undertook in 2021, we're on track to have all IRN-BRU and Rubicon in bottles made from 100% recycled plastic in 2022, with the rest of the portfolio following suit in 2023
- We were one of the first businesses in the UK to introduce 100% recyclable packaging film made from 100% recycled content, which is now on all our consumer multipacks
- We've light-weighted the shrink wrap used in our factories, which has removed 75 tonnes of plastic on an annual basis
- Our 1 litre soft drinks cartons now contain plant-based plastic. This more sustainable material significantly reduces the carton's carbon footprint, and packs now carry the Carbon Trust logo as a result

As a founder member of Circularity Scotland Limited (CSL), the new not-for-profit administrator of Scotland's Deposit Return Scheme (DRS), we're committed to creating a truly circular system for drinks containers. DRS in Scotland is due to be implemented in August 2023 and we are now in an important planning and preparation phase, working with our customers and CSL to ensure as smooth a transition and as successful a scheme as possible. By incentivising consumers to return their drinks containers, DRS will set drinks packaging apart, as drinks containers will become part of a truly circular economy. In countries where DRS is already operational, such as Norway and Germany, return rates of plastic bottles for example reach as high as 98%. In addition, the quality of recycled material available from a DRS system is expected to be much higher than the quality produced by current household recycling. We believe this will vastly improve the availability of recycled material to go back into our drinks containers.

In focus
Leading the Way

We're one of the first businesses to introduce 100% recyclable packaging film made from 100% recycled content, which is now used in all our consumer multipacks. This move alone saves 400 tonnes of virgin plastic a year – that's the weight of about 250 cars.

Water and waste

As a drinks manufacturer, water is a principal ingredient and as such we understand how valuable it is as a resource. However, there is increasing awareness of the challenges faced in managing water resources and we are extremely aware of the part we have to play in protecting this precious commodity.

The principles we apply to our packaging reduction programmes equally apply to our approach to good water stewardship – each is about reducing, reusing and recycling. We understand that there are steps we can take to be better stewards of the water we use. Beyond the water in our products, a large part of our water consumption is in cleaning our process lines and manufacturing equipment, to ensure our products meet our rigorous quality standards.

In focus
Clear future for Simply Fruity

A new pack format for Simply Fruity sees harder to recycle coloured plastic bottles replaced with a clear bottle made from 50% recycled material along with delicious new recipes – and all wrapped in 100% recycled film. This is a step change for the brand and another clear demonstration of our drive for more sustainable packaging to play our part in addressing climate change.

We also know that the most significant water use in our value chain is in agriculture, where the crops that we rely on for many of our products – such as mangoes – are grown in hot, potentially water-stressed areas. By understanding our water footprint, we can take action to encourage change close to home – and further afield with our global suppliers.

In 2021 we undertook more detailed analysis of our water footprint at all our production sites. By working with an independent agency to carry out a thorough audit across our manufacturing sites, we now have a better understanding of how and where we use water, and can now take a more evidence-based approach to our water reduction and reuse plans in the coming year.

The results of that work have allowed us to develop a water strategy for the business, with clear targets and an action plan of water efficiency improvement initiatives to deliver over the next three years. Our water management plan also allows us to take a risk-based approach to the management of our suppliers, with emphasis on the impact of our global supply chain on water-stressed areas. Ultimate responsibility for the review and delivery of this water strategy sits with our CEO, as water is a key pillar of our **"No Time To Waste"** environmental sustainability programme.

While there was a modest year-on-year improvement in our water usage efficiency, our KPI in this area has declined and we did not achieve our target. Following our independent water audit and assessment we have reviewed our target for water reduction, based on this validation work. We were pleased to find we are in line with our competitors in terms of our ratio of water used to volumes of product made. We also now have a better understanding of our true water footprint, at a business-wide and local site level. As a result, we have re-calibrated our target, now setting an objective of a 10% reduction in our water use by 2025, against a 2020 baseline.

Once again, we were pleased to achieve our long-term target related to waste. 100% of our non-hazardous waste is now diverted from landfill, and our objective is now to maintain this performance on a permanent basis.

Sustainable sourcing

As climate change and a rising population put pressure on our limited natural resources, it is important for all our raw materials to be sourced sustainably and used effectively.

As one of our **"No Time To Waste"** environmental sustainability workstreams, we reviewed and updated our sustainable sourcing strategy in 2021, reinforcing our commitment to supplying high-quality products that are sourced and manufactured in a fair, ethical and environmentally responsible way.

As part of this review we developed a new Supplier Code of Conduct, setting out the key supplier principles we work to and the minimum standards we require our suppliers to meet, which form part of their contractual commitments to us. This Code is fundamental to ensuring we work with suppliers who uphold the highest standards with respect to human rights, conditions of employment and who actively reduce their environmental footprint. We ensure our critical suppliers have embedded sustainable and ethical practices in their organisations, and that they are committed to maintaining these principles within their own supply chain.

Our suppliers must acknowledge their compliance on an annual basis through our stringent supplier approval process, which uses questionnaires and audits to confirm adherence to our standards across a broad range of requirements. For many years we have used the Supplier Ethical Data Exchange (Sedex) platform, a not-for-profit global membership organisation dedicated to driving improvements in ethical and responsible business practices. As part of our NTTW Sustainable Sourcing Strategy review, we have now extended our use of the Sedex platform, using the Sedex Supplier Approval Questionnaire as an important secondary validation step which allows independent benchmarking of suppliers on a consistent measurable basis.

The output from these questionnaires will also allow us to collaborate and engage with our suppliers to set objectives and action plans to deliver sustainable and continuous improvements. This includes active and ongoing dialogue with our key suppliers related to net-zero – their Scope 1 and 2 emission reductions will, in turn, support our delivery of our Scope 3 science-based targets, and ultimately our net-zero ambition.

Materiality and stakeholder engagement

We regularly engage with internal and external stakeholders to ensure that our responsibility agenda is addressing the material issues.

Governance

Our responsibility agenda is integrated into our strategic, financial and business planning, as well as our risk management processes, with ultimate accountability sitting with the Board.

Our Executive teams across both business units, Barr Soft Drinks and Funkin, are responsible for the delivery and execution of our responsibility actions and programmes, supported where appropriate by sub-committees and functional or project teams. Further information on the governance of our climate-related risks and opportunities is detailed in our TCFD disclosures on pages 38 to 43.

Corporate Governance Report

Further information on our corporate governance framework can be found on **pages 60 to 71.**

Responsibility Report continued

We respect the environment continued

Independent assurance

We have continued to work with third-party auditors, the Carbon Trust, across 2021. They have undertaken a carbon audit of our Group operations for Scope 1 and 2 emissions for the year ended January 2022 (verified against the ISO 14064-3 standard), as well as completing a Scope 3 assessment for the year ended January 2021. Having developed the world's first certification for organisational CO_2e Reduction Standard and product carbon footprints, the Carbon Trust is the leading carbon footprint certification body.

During 2021 we were also pleased to improve our climate change questionnaire rating from the Climate Disclosure Project (CDP) to an A- classification. CDP is a not-for-profit charity that runs a global environmental disclosure system. CDP is widely used and considered to be one of the most comprehensive independent environmental data sets available. The CDP Score Report allows us to benchmark and compare our environmental stewardship with peers, and provides additional information that can help inform our forward-looking improvement programmes.

We also underwent an internal audit review of our environmental sustainability programme conducted by subject matter resource from EY. The report was graded satisfactory with limited recommendations. The report was presented to the Audit and Risk Committee and the recommended actions will be tracked by the Committee.

Streamlined Energy and Carbon Reporting (SECR)

We are reporting against the SECR framework for the second year. We report as a quoted Company and confirm that all the minimum requirements have been addressed and are presented here.

Our total energy consumption for 2021/2022 was 46,281,416 kWh. This includes our electricity, steam, natural gas usage and other thermal fuels for our production, distribution and office buildings, as well as transport fuels for logistics vehicles and Company cars.

Under a location-based approach, the total global Scope 1 & 2 carbon emissions associated with our reported energy use and fugitive emissions from refrigerant leaks for 2021/2022 were 9,600.19 tCO_2e, as summarised in the table below:

Carbon Emissions (Location-based)*	**2021-22**	2020-21
Scope 1 emissions – (tCO_2e)	**3,847.87**	5,434.40
Scope 2 emissions – purchased electricity (tCO_2e)	**4,752.63**	4,885.53
Scope 2 emissions – purchased steam (tCO_2e)	**999.68**	–
Total Scope 1 & 2 emissions (tCO_2e)	**9,600.19**	10,319.93

* The location-based approach applies UK grid average carbon emission factors to all Scope 2 purchased electricity.

Under a market-based approach the total global Scope 1 and 2 carbon emissions associated with our reported energy use and fugitive emissions from refrigerant leaks for 2021/2022 are 4,883.52 tCO_2e, as summarised in the table below:

Carbon Emissions (Market-based)*	**2021-22**	2020-21
Scope 1 emissions – (tCO_2e)	**3,847.87**	5,434.40
Scope 2 emissions – purchased electricity (tCO_2e)	**35.96**	1,887.98
Scope 2 emissions – purchased steam (tCO_2e)	**999.68**	–
Total Scope 1 & 2 emissions (tCO_2e)	**4,883.52**	7,322.38

* The market-based approach accounts for zero carbon renewable electricity purchase (backed by Renewable Energy Guarantees of Origin) at all our facilities, excluding the Funkin and Middlebrook leased sites.

SECR reported figures from our previous Annual Report (year ended 24 January 2021) are also included for comparison. It should be noted that in 2020/2021, natural gas used to produce steam at Cumbernauld accounted for 1,125 tCO_2e of Scope 1 emissions. In 2021/2022, purchased steam provided by a third-party at Cumbernauld is categorised under Scope 2 and accounts for 999.7 tCO_2e.

Methodology

The methodology used is the WBCSD/WRI Greenhouse Gas Protocol – a corporate accounting standard revised edition in conjunction with UK Government environmental reporting guidelines including SECR guidance. An operational control approach has been taken. We have used the UK Government greenhouse gas conversion factors for company reporting 2021.

Intensity ratio

For 2021/2022, our emissions intensity, measured as the total Scope 1 & 2 emissions relative to the thousand litres of product produced is 21.55 kg CO_2e per thousand litres of product produced. This compares with 24.95 kg CO_2e per thousand litres of product produced, as detailed in our previous Annual Report.

Energy efficiency actions

1. We have transitioned our fleet of forklift trucks away from LPG to 100% renewable electricity, resulting in estimated annual CO_2e savings of 300 tonnes (based on 2020 numbers).
2. We have installed electric vehicle charging points at our Cumbernauld and Milton Keynes sites in order to support the transition of employee and Company cars towards electric vehicles.
3. We have started a trial on HVO as an alternative fuel to diesel on our fleet of HGVs at the Moston site.
4. In addition, this is the first full year of procuring REGO-backed renewable electricity across all our operational sites, leading to a significant reduction in Scope 2 emissions (under market-based reporting).

Additional data

Reported emissions (and carbon offsets) (tonnes CO_2e)

of carbon dioxide equivalent in the stated period

	24/01/2021 – 29/01/2022	26/01/2020 – 24/01/2021
Total net emissions	**9,600**	10,320
Total gross emissions (scope 1 and 2)	**9,600**	10,320
Total direct and indirect emissions (scope 1 and 2)	**9,600**	10,320
Total direct (scope 1) emissions	**3,848**	5,434
Direct emissions (scope 1) stationary combustion	**1,839**	3,074
Direct emissions(scope 1) mobile combustion	**0.0**	0.0
Direct emissions (scope 1) from transport fuels	**2,009**	2,304
Direct emissions (scope 1) from other mobile combustion	**0.0**	0.0
Direct emissions (scope 1) from process sources	**0.0**	0.0
Direct emissions (scope 1) from fugitive sources	**0.0**	56.5
Direct emissions (scope 1) from agricultural sources	**0.0**	0.0
Total indirect emissions (scope 2)	**5,752**	4,886
Indirect emissions (scope 2) from electricity	**4,753**	4,886
Indirect emissions (scope 2) from purchased steam	**999.7**	0.0
Indirect emissions (scope 2) from purchased heating	**0.0**	0.0
Indirect emissions (scope 2) from purchased cooling	**0.0**	0.0
Energy consumption (kWh) *Kilowatt hour equivalent in the stated period*		
Energy consumption used to calculate emissions	**46,218,416**	46,493,654
Energy consumption, combustion of gas	**9,129,265**	14,974,793
Energy consumption, electricity	**22,383,215**	20,955,356
Energy consumption, combustion of transport fuel	**8,469,091**	9,084,274
Energy consumption, other (Thermal Fuels)	**107,296**	1,479,230
Intensity ratio		
Intensity ratio	**0.022**	0.025

The reported emissions intensity ratio is the total gross emissions (Scope 1 & 2 in tonnes CO_2e) per thousand litres of product produced

Intensity ratio based solely on mandatory data	**True**	True

Task Force on Climate-related Financial Disclosures

The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies to report the potential financial impacts from climate change on their business, as well as reporting the progress made by the organisation against the targets set to mitigate climate-related risks and to reduce its impact on the environment. This framework is designed to help investors and wider stakeholders understand how businesses are managing climate-related financial risks, across four key areas:

Governance – setting out the respective roles of the Board and management team in managing risks and opportunities.
Strategy – identifying risks and opportunities over different time horizons and explaining how these impact strategic and financial planning.
Risk Management – having processes in place for managing identified risks and including these within the overall risk management framework.
Metrics and Targets – explaining how both climate change impact and exposure to risks are measured, setting targets and tracking ongoing progress.

Using this framework we set out our full TCFD disclosures on pages 38 to 43.

Responsibility Report continued

We respect the environment continued

Governance

Board of Directors

The A.G. Barr Board has responsibility for the oversight of climate-related risks and opportunities impacting the Group.

The Board of Directors considers climate-related risks and opportunities when setting and reviewing the Company strategy and when agreeing future objectives and key performance indicators.

The Board carries out a full review of our corporate risk register and principal risks, including those related to climate change, twice a year. In addition, the Board regularly discusses climate-related issues across a variety of Board meeting agenda items. These include matters arising from its sub-committees, particularly from the Environmental, Social and Governance (ESG) Committee, as well as from general business updates, where climate-related issues will often be integral. Examples during the year include discussions on science-based target setting and net-zero roadmaps, as well as the approval of our strategic capital investment programme, incorporating greenhouse gas reduction projects.

A new structured process for identifying and quantifying *emerging* risks and opportunities across the Group, similar to our risk management approach, has recently been agreed and is now being implemented. This will provide a framework to support broader thinking on new and emerging areas, including those related to climate change, with input from both our Barr Soft Drinks and Funkin Executive teams, and will have an important role to play in the Board's strategic planning process.

Corporate climate-related targets, set by the Executive teams and ratified by the ESG Committee, are monitored by the Board on a monthly basis.

The Board, in turn, delegates some elements of its responsibility to its various sub-committees, as set out below:

- The **Audit and Risk Committee** has the delegated responsibility to monitor our internal financial controls as well as our internal control and risk management systems. Its risk management oversight includes the review of our corporate risk register and principal risks, including those related to climate change, at least twice per year.
- The **Environmental, Social and Governance Committee** assists the Board in fulfilling its oversight responsibilities with respect to the Company's management of all relevant ESG matters. The ESG Committee has delegated responsibility for approving the Company's environmental sustainability strategy and reporting back to the Board. The ESG Committee owns, and is responsible for monitoring and updating, our material risks and opportunities related to climate change.
- The **Remuneration Committee** is responsible for determining our remuneration policy, including how climate-related factors are taken into consideration and reflected in reward. Further information is available in our Directors' Remuneration Report on pages 76 to 109.
- The **Nomination Committee** is responsible for Board appointments and succession planning. In 2021 the Nomination Committee approved the appointment of Zoe Howorth as a Non-Executive Director with the additional responsibility of chairing the newly formed Environmental, Social and Governance Committee. Zoe has extensive FMCG experience, specifically across the food and beverage sector, and has a particular interest in the area of climate change, bringing an additional level of rigour and challenge to climate-related discussions.

Barr Soft Drinks and Funkin Business Units
Our Executive teams across both business units, Barr Soft Drinks and Funkin, are responsible for managing the climate-related risks and opportunities faced by our business on both a long-term strategic basis and day to day. Our strategic planning process considers both the risks and opportunities arising from climate change and a specific process related to emerging risks and opportunities has recently been agreed and is now being introduced. The Executive teams are supported across a number of areas as set out below:

- Our **Group Risk Committee** ensures that a strong framework is in place to manage operational risks effectively, including those associated with climate change. The Committee oversees our principal risks and uncertainties, and reviews the effectiveness of risk management and compliance systems in managing those risks. The aim of the Committee is to ensure that employees understand the importance of good risk management, a supportive risk management culture is embedded across the Group and that risk management processes are clearly deployed.
- The **"No Time To Waste"** (NTTW) Steering Group, chaired by our CEO, governs our Group-wide environmental sustainability programme. The NTTW Steering Group has overall responsibility for setting the Group's environmental sustainability strategy, for achieving the Company's climate change objectives, and for monitoring and managing risks and opportunities related to climate change.

  The NTTW programme encompasses five key workstreams associated with reducing the effects of climate change – Net-Zero, Plastic & Packaging, Sustainable Sourcing, Waste and Water.

  Each workstream, and its associated team, owns a risk register relevant to its specific area of focus. The risks identified, along with opportunities arising from the climate change agenda, are reviewed on a monthly basis by the Steering Group.
- Our **Capital Allocation Committee** is responsible for ensuring the best use of our capital resources in line with our strategy and plans. This includes the review and approval of capital expenditure programmes related to environmental sustainability, taking into account the risks and opportunities in investment decisions.
- A new **Emerging Risks and Opportunities Group** has recently been formed comprised of our CEO, Finance Director, Funkin Executive Chairman, Head of IT/Chair of Barr Soft Drinks Executive Committee and our Head of Group Risk. Both our Barr Soft Drinks and Funkin Executive teams will be responsible for identifying and managing emerging risks and opportunities. This group will conduct an annual review prior to making recommendations to the Board, the output from which will form part of our Board's annual Strategy Review.

Strategy
Our Board has ultimate responsibility for agreeing our business strategy, taking into account, and reflecting where appropriate, the risks and opportunities associated with climate change. As detailed above, the Board's strategic thinking and decision making is supported and informed by our Executive teams and by a number of Board sub-committees.

Our strategic timeframes are as follows:
- Short-term: 0 to 1 years
- Medium-term: 1 to 5 years
- Long-term: 5+ years

The opportunities, as well as physical and transition risks considered material to our business, are detailed below along with our strategic responses.

Responsibility Report continued

We respect the environment continued

Our methodology for defining material financial and strategic impacts on our business is aligned with our risk management approach, detailed in the Risk Management section below, with the three impacts being:

■□□ Moderate ■■□ Major ■■■ Critical

Physical risks – associated with increased severity of extreme weather events such as cyclones and floods (acute), and associated with changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels (chronic).

Risk Type & Description	Timeframe	Potential financial impact
Chronic risk The risk that climate change impacts the future availability, quality and cost of the natural ingredients required to manufacture our products, such as sugar, fruit juices and water.	Long-term	■□□

Strategic response:
We have dedicated Sustainable Sourcing and Water workstreams within our **"No Time To Waste"** environmental sustainability programme, and have recently approved more ambitious strategies in these areas. Further information is available on pages 34 and 35, however by way of illustration of action taken related to fruit availability, we have developed a network of suppliers who can supply materials from different origins and have set up a programme to approve fruit juices from different geographic sources, such as passion fruit from Vietnam, in addition to our existing supply from Ecuador, thus reducing risk of supply and ultimately protecting sales.

Transition risks – associated with changes to policy and legislation, technology, the market and reputation.

Risk Type & Description	Timeframe	Potential financial impact
Policy and legal risk The risk of higher costs as a consequence of planned/potential regulation such as a carbon tax, or packaging related regulations/taxes such as the UK Plastic Tax, UK Extended Producer Responsibility (EPR) and the EU Single-Use Plastics Directive.	Long-term	■□□

Strategic response:
As detailed previously in this report, we have set science-based targets that will see us becoming net-zero across our own operations by 2035 and across our full supply chain by 2050, if not sooner. We have already begun our decarbonisation journey in areas such as transitioning to 100% renewable electricity and 100% electric forklift trucks.

We are also focused on reducing, reusing and recycling across our packaging. 100% of our soft drinks packaging is already recyclable and we are increasing our use of recycled material. We now have 100% recycled plastic film across all of our consumer multipacks and are making good progress on our commitment to have 100% recycled content across our full portfolio of plastic bottles by 2023.

Discussions are also underway with our glass and aluminium can suppliers on how we can work together to increase recycled content in the products they provide. We are reducing packaging where possible, such as in a recent reduction of stretch wrap weight.

In addition, we are positive supporters of the implementation of DRS in the UK, which will help to mitigate potential EPR costs for the business – the latest government proposals in this area have confirmed that containers subject to DRS will be out of scope of EPR.

■□□ Moderate ■■□ Major ■■■ Critical

Transition risks – associated with changes to policy and legislation, technology, the market and reputation.

Risk Type & Description	Timeframe	Potential financial impact
Market risk The risk that consumer behaviours change in relation to single-use packaging or as a result of regulatory changes designed to reduce the impact of climate change, such as DRSs, resulting in a reduction in demand for our products or consumers switching to brands perceived as more sustainable.	Medium-term	■■□

Strategic response:
As detailed above, we are positive supporters of the implementation of DRSs, confirmed to launch in Scotland in 2023, and expected to launch in England in 2024 or later. By incentivising consumers to return their drinks containers, DRS will set drinks packaging apart, as drinks containers will become part of a truly circular economy.

The delivery of our net-zero roadmaps, and specifically our drive to reduce, reuse and recycle across our packaging, are key to improving our environmental credentials and further building trust with consumers.

Opportunities – associated with resource efficiency, energy sources, products and services, markets and resilience.

Opportunity Description & Type	Timeframe	Potential financial impact
Energy source opportunity Use of lower-emission energy sources, such as photovoltaic panels and heat pumps for the generation of electricity, heat and steam, leading to a reduction in greenhouse gas emissions.	Medium-term	■□□

Strategic response:
These initiatives present a significant opportunity to reduce our Scope 1 (reduction of gas consumption from heat pumps) and Scope 2 (on-site electricity generation from photovoltaic panels) emissions, thereby mitigating the on-cost associated with the potential introduction of carbon pricing while also potentially delivering utility cost reductions.

Opportunity Description & Type	Timeframe	Potential financial impact
Market opportunity The opportunity that consumer behaviours change, with consumption patterns shifting towards products perceived to be more environmentally friendly, resulting in sales opportunities. More environmentally orientated consumer behaviours could include supporting companies who have clear plans to achieve net-zero or who are actively engaged in DRS. It could also extend to increased "staycations" or the favouring of domestic produced products.	Long-term	■■□

Strategic response:
Communication with our customers and consumers is key to ensuring our environmental sustainability plans and progress are well understood. We provide regular updates to our customers via our sales force and we are increasingly communicating directly with all consumers, both on pack and through traditional and social media channels.

Responsibility Report continued

We respect the environment continued

Risk management

Identifying risks

Each department or function in the Company has its own risk register that is reviewed on a regular basis. Climate-related risks are identified and assessed alongside other business risks during the departmental reviews. Departmental risk registers feed into the corporate risk register, which is reviewed by our Group Risk Committee every two months.

Historically, the Group Risk Committee has also been responsible for the Group's emerging risk register, with a longer-term horizon than that considered by the departmental units. However, this process is now being replaced by the Emerging Risks and Opportunities Group, as detailed in the Governance section above. The Group Risk Committee will retain oversight of emerging risks going forward.

The recently formed ESG Committee owns, and is responsible for monitoring and updating, our material risks and opportunities related to climate change, as detailed above in the Strategy section. The ESG Committee has been supported by a cross-functional group of senior executives who helped input into this process both in terms of risk identification and assessment aligned to worst case and best case climate scenarios, as detailed here:

Best-case climate scenario IEA Net-Zero by 2050	**Worst-case climate scenario** IPCC RCP8.5/SSP5
Scenario narrative & context Under this scenario, global warming is limited to below 1.5°C above pre-industrial levels by 2100 through global collaboration and policy intervention to reduce greenhouse gas emissions and reach net-zero emissions by 2050. For example, this scenario foresees the implementation of a carbon price/tax that could start at $75 per tonne CO_2e in 2025 for developed countries, rising to $205 per tonne CO_2e in 2040. We chose this scenario to assess transition risks and because its time horizon aligns with the UK Government's pledge to achieve net-zero by 2050, therefore offering a plausible pathway for our local authorities.	**Scenario narrative & context** Limited efforts are made by governments and businesses to reduce greenhouse gas emissions, leading to temperature rises of 4°C above pre-industrial levels by 2100. In this scenario, the emphasis turns to protecting the population and operational assets from the catastrophic impact of the changing climate as opposed to reducing the emissions themselves. We chose this scenario to assess the potential physical risks on our business and supply chain, as it is supported with long-term data ranges on temperature, precipitations and rise in sea levels. The data from the scenario extends to 2100 and allows us to take medium and long-term views on risks, considering the impact of market change in the locations of our own assets and at the origin of our key materials.

The climate-related risks considered material to our business are detailed above, however this scenario planning process identified a range of other risks and opportunities.

Assessing risks
Our corporate risk register guidelines provide the framework for defining financial and strategic impacts on our business. This framework applies equally to climate-related risks and categorises five levels of risk impact: "insignificant", "minor", "moderate", "major" and "critical".

The corporate risk register guidelines also include definitions for the likelihood of the risks, including: "rare", "unlikely", "possible", "likely" and "almost certain".

Different parameters are taken into account when assessing the potential impact of a risk, including financial aspects, environmental aspects, and other aspects such as health & safety and corporate reputation. Each risk is given a risk rating before and after mitigating actions.

Gross risk impacts that fall in the categories of "moderate", "major" or "critical" would be deemed to be material.

From a financial perspective, a "moderate" impact is defined as impacting financial turnover or profit by between 3 and 10%, a "major" impact is defined as impacting financial turnover or profit by more than 10% and less than 25%. A financial impact of 25% of more on turnover or profit would be deemed as "critical".

Managing risks
The resolution of moderate impacts requires the input from the Executive team. The resolution of major and critical impacts requires the input from the Board and/or its sub-committees.

The Group Risk Committee reports back to the Audit and Risk Committee, attended by Directors on the Board. Similarly, the ESG Committee reports to the Board on the material climate-related risks identified.

Mitigating actions are developed for each risk and their effectiveness is reviewed on an ongoing basis. New actions are triggered in order to further reduce the net score of each risk, especially for those risks that sit outside of the Board risk appetite. Functional risk registers are reviewed in depth by the Risk Committee according to an annual schedule to ensure that risks are well represented and that actions are taken to reduce the level of risk for the business.

Some recent risk management examples related to climate change in particular include:

- Our risk registers cover upstream risks, such as the risk of climate change on material availability. For example, the physical risk that climate change impacts negatively on fruit availability and fruit quality features on our procurement risk register. There have been recent examples of poor weather impacting the availability of fruits such as lychee. The use of the worst-case climate scenario outlined above (RCP 8.5) also highlights a risk that the rise of temperatures and associated more extreme weather patterns in the geographical areas where fruits are grown may impact the availability of raw materials in the future. This risk was rated a 3 for likelihood ("possible": "Event should occur at some time (30-50%)") and as a 3 for impact ("moderate" with a potential impact on turnover/profit estimated between 3-10%). As a result of that assessment, mitigating actions were put in place, including monthly (and sometimes weekly) calls with suppliers to monitor weather patterns and the impact on fruit availability and quality. Alternative supply sources were also considered.
- Our Commercial function and our **"No Time To Waste"** Steering Group review the risks associated with climate-related competitor activities, consumer choices and customer strategies. For example, the risk of soft drink purchasing behaviours changing due to the increasing attention/importance given by consumers to sustainability matters. In response, we carried out a piece of consumer research to understand how different sustainability matters, including climate change, impact purchasing behaviours and what risks and opportunities this represents for our brands and business. The programme of activities linked to increasing the amount of recycled plastic content in our packaging is an important part of our mitigating actions.

Metrics & Targets
A full review of our energy consumption and GHG emissions data can be found on pages 36 and 37 within our SECR disclosure. In addition, we have submitted science-based carbon reduction targets to the Science Based Target Initiative for approval, in line with the latest climate science recommendations necessary to meet the goals of the Paris Agreement and limit the temperature increase to 1.5°C above pre-industrial levels. These targets are detailed on page 23 and set out our commitment to be net-zero across our own operations by 2035 and across our wider supply chain by 2050, if not sooner. Other climate-related targets and key performance indicators are detailed on pages 23 to 24.

We support healthy living

Calorie reduction

Our job has always been, and continues to be, about understanding consumers and their changing tastes and preferences, and providing them with great products. Evidence shows that most soft drinks consumers want to reduce their sugar intake while still enjoying great tasting drinks. We have been reducing the sugar content across our portfolio and introducing new and innovative reduced sugar products in response to our consumers' changing tastes and preferences for many years.

98% of our soft drinks portfolio by volume is considered no or low sugar, containing less than 5g total sugars per 100ml, and exempt from the UK Soft Drinks Industry Levy, often referred to colloquially as the sugar tax.

New price and location restrictions will come into force in England from October 2022, applicable to High Fat, Sugar and Salt (HFSS) products. The definition of "high sugar" for standard soft drinks is greater than 4.5g total sugar per 100ml. We can confirm that from April 2022, six months ahead of the new regulations, 98% of our soft drinks portfolio will be HFSS exempt.

This positive portfolio position is supported by our in-house research, development and innovation team, which delivers a wide range of reformulation and innovation projects, using the experience they have gained over many years to optimise recipes and carry out robust consumer research to ensure our recipes meet consumer needs.

Responsible advertising and marketing

We take our responsibility in how we market, promote and advertise our products very seriously. We advertise responsibly, offer a wide range of pack sizes to assist with portion control and, by providing clear nutritional information, enable our consumers to make informed choices. We fully comply with all of the appropriate regulations and in some cases go beyond the standards set, such as in the area of energy drinks where our industry code exceeds regulatory requirements.

Labelling

We have always been committed to providing clear calorie and nutritional information on our soft drinks packs to help consumers choose products that are right for them. We were one of the earliest adopters of the government's voluntary front of pack nutritional labelling on all our Company-owned soft drinks brands, which is a simple traffic light style scheme, making it even easier for consumers to find the information they need.

We give back

Community engagement

Since 1875, we have always supported and worked closely with the communities in which we operate.

We provide financial, in-kind, practical and employee volunteering support to a wide range of charities, good causes and community groups each year across the UK.

Charity partnership

Our current employee-chosen charity partner, Mental Health UK, brings together four national mental health charities working across the country and provides advice, information and support to those who need it. Our corporate donation of £150K over the three-year partnership is supplemented by employee fundraising from teams across the business who undertake a range of impressive activities in support of this important charity.

Employee volunteering

We encourage employees from across the business to take part in volunteering activities, giving something back to the communities we serve. Our employee volunteering policy allows every employee the opportunity to take paid time off to volunteer with our employee-nominated charity.

In focus

IRN-BRU 32 charity fundraiser

Inspired by the 32 ingredients within our IRN-BRU secret recipe essence, teams across the business took part in our IRN-BRU 32 challenge in June 2021.

Participants had 32 days to complete a feat of their choosing every day and fundraise £32 per person for our charity partner, Mental Health UK.

From running and hula-hooping to wearing the same colour every day, our employees embraced the challenge with their usual enthusiasm. In total, the IRN-BRU 32 challenge raised over £16,000 for Mental Health UK.

Financial Review

"We have produced a strong set of financial results in 2021/22 that returns the business to a position ahead of 2019/20 pre Covid-19 revenue and profit levels."

Stuart Lorimer
Finance Director

The following is based on results for the 53 weeks ended 30 January 2022. Comparatives, unless otherwise stated, relate to the 52 weeks ended 24 January 2021.

Overview

We have produced a strong set of financial results in 2021/22 (53-week) that returns the business to a position ahead of 2019/20 (52-week) pre Covid-19 revenue and profit levels, despite the continued backdrop of the pandemic, its impact on consumer behaviours and various supply chain challenges.

We have delivered strong growth across all key financial metrics and are on a positive trajectory:

	2021/22 (53 weeks)	Versus 2020/21 (52 weeks)	
Revenue	**£268.6m**	+£41.6m	+18.3%
Gross margin (before exceptionals)	**44.2%**		+239bps
Profit before tax (reported)	**£42.2m**	+£16.2m	+62.3%
Profit before tax (before exceptionals)	**£41.5m**	+£8.7m	+26.5%
Operating margin (before exceptionals)	**15.6%**		+83bps
Net cash at bank	**£68.4m**	+£18.4m	+36.8%
EPS (basic p/share)	**25.09p**	+7.9p	+46.1%

We entered the pandemic with strong financial fundamentals and took prompt action to protect and right-size the Group in the face of both Covid-19 and the loss of the Rockstar franchise. We believe these actions have been successful and have enabled us to emerge as a stronger, more resilient business with a clear strategy for value enhancing growth.

Our revenue increase was driven by the powerful combination of volume growth, favourable mix, tight cost control and selective pricing benefits. Volume advanced across the portfolio with all our core carbonated soft drinks and Funkin cocktails in strong growth. Volume and mix were both supported, particularly in the first half, by the relaxation of Covid-19 restrictions and the reopening of the hospitality sector, and further underpinned by successful innovation and £6m of revenue from an extra week of trading (53-week year).

Throughout the pandemic, we have worked collaboratively with our customers to ensure we recognise the impact of restrictions on the brand support and discounts we provide. This involved numerous commercial discussions and, in certain circumstances, changes to promotional terms. This has resulted in a change in estimate and recognition of £4.9m of additional variable consideration, which has contributed to the revenue growth experienced in the year. Our brand support spend (including this additional consideration) as a percentage of revenue remained consistent year-on-year.

We were not immune from the well-publicised impact of the pandemic on supply chains and freight networks in terms of both labour availability and input costs. We face continued cost pressure and high commodity prices. Despite these headwinds, the operating leverage benefits from higher volumes, combined with gains from operational efficiency programmes and the benefits of our rolling commodity hedges, secured a 239 basis point improvement in gross margin. Operating costs increased 25% primarily driven by the impact of increased volumes, higher logistics costs, increased variable rewards and our strategy to drive long-term brand equity through enhanced marketing investment. Despite the cost pressures faced and the investments made, operating margins improved 83 basis points to 15.6% to deliver profit before tax (PBT) of £41.5m – a 26.5% improvement year-on-year.

Covid-19 update

During the 2020/21 financial year, numerous actions were implemented to mitigate the adverse impact of Covid-19 restrictions, including reduced marketing investment and discretionary spend as well as curtailing all non-essential capital expenditure. The past 12 months have seen a disciplined rebuild of investment in these areas. Previous sensitivity analysis that quantified the expected impact of Covid-19 on our business proved to be reasonable during the period of the most widespread restrictions and these have continued to be used as the basis of our scenario analysis to model different levels of impact on revenue, profit and cash. Under all the scenarios modelled, and before any mitigating actions, our forecasts indicate a high level of financial headroom and ongoing business resilience.

Segmental performance

We make decisions on a business unit basis which allows agile, responsive and effective operational management. The information reviewed by the Board and senior executives is based on this divisional segmentation. As a result, the financial performance discussed below is primarily focused on the performance of our two business units, Barr Soft Drinks and Funkin, as this best reflects our management of the Group. Further detail on the segmental performance is detailed in note 2 to the financial statements.

Barr Soft Drinks

Barr Soft Drinks, which represents over 85% of Group sales and gross profits, returned to revenue growth with strong volume gains across the core portfolio. This growth was driven by a resurgence in out of home consumption, as Covid-19 restrictions eased, the successful launch of Rubicon RAW Energy in February 2021, which partially mitigated the loss of the Rockstar franchise, as well as the underlying positive momentum of our core brands. Gross margin improved by 264 basis points to 44.9%, benefiting from stronger volume and improved mix.

The IRN-BRU brand grew volume, revenue and gross margin, benefiting from distribution gains in England as well as the reintroduction of IRN-BRU 1901 in Scotland. Particularly strong growth of single serve cans and smaller PET packs, along with optimisation of promotional mix and price, supported improved margins. The launch of Rubicon RAW Energy and the strong growth of Rubicon Spring were major contributors to revenue and margin growth across the Rubicon portfolio. Other portfolio brands, including Barr Flavours, KA and Simply Fruity, grew revenue and margin. The Strathmore Water brand grew volume and revenue as the hospitality sector reopened, although margin was constrained by significant inflation in glass costs.

Funkin

Funkin revenue and gross margin both grew strongly in 2021/22, benefiting from the reopening of the hospitality sector and the continued success of the take home business, which maintained momentum across the full period, building on the strong foundations laid in the prior year. Funkin revenue more than doubled the prior year up £19.9m to £36.9m, with margin up 396 basis points at 39.8%. This strong performance was delivered despite industry-wide supply chain challenges, including the shortage of cans which somewhat constrained overall growth opportunities. As previously communicated, Funkin did benefit from the restocking of the hospitality sector, particularly in the first half of the financial year.

Other

The "Other" segment primarily represents two months of sales and contribution associated with MOMA Foods Limited following the Group's investment in a 61.8% equity stake in December 2021.

Operating margin

At a Group level, our marketing spend grew ahead of sales as we increased investment behind our core growth driving brands, IRN-BRU, Rubicon and Funkin. Other operating costs increased year-on-year as the business began to return to more normal working practices and as inflationary cost pressures were experienced in areas such as logistics. Our strong trading performance and cost controls more than offset these cost pressures, enabling operating margin, before exceptional items to expand 83bps to 15.6%.

Exceptional items

In the year ended 30 January 2022, we have recognised, and have separately disclosed, a £0.7m gain on the sale of our Sheffield site, which closed in 2020. Although not material in size or nature if taken in isolation, the site disposal was part of a Group-wide re-engineering programme, the costs of which were considered to be non-recurring and exceptional in nature and were reported as exceptional in 2020/21. As such, it is considered appropriate to take the associated gain as exceptional in 2021/22.

Interest

Net finance charges, totalling £0.4m, comprise the service fees associated with the Group's revolving credit facilities, lease interest costs under IFRS 16 and notional finance costs associated with the defined benefit pension deficit under IAS 19.

Financial Review continued

Taxation

Our reported tax expense of £14.4m (2020/21: £6.9m) represents an effective tax rate of 34.1% (2020/21: 26.8%). This is higher than the UK statutory rate of 19.0%, primarily due to the impact of the change in corporation tax rate from 19% to 25% on deferred tax, which has increased the deferred tax liability by £5.7m. Excluding the impact of the increase in rate for deferred tax the effective tax rate would be c.21%.

The prior year tax charge and effective tax rate of 26.8% were significantly higher primarily due to a one-off revaluation of deferred tax balances, following the UK Government decision to reverse the planned reduction in UK corporation tax rate from 19% to 17% as well as non-deductible elements within our 2020/21 exceptionals items.

Earnings Per Share (EPS)

Basic EPS, before exceptionals, was 24.46p (2020/21: 22.31p), an increase of 9.7%, based on a basic weighted average of 111,187,778 shares (2020/21: 111,171,047). This reflects the strong profit performance offset by the increased tax charge as detailed above. Basic EPS post exceptionals was 25.09p (2020/21: 17.18p), an increase of 46.1%. Based on a diluted weighted average of 111,844,852 shares, diluted EPS was 24.95p (2020/21: 17.16p).

Dividends

In March 2020, the Board took the decision to temporarily suspend dividend payments, with the aim of protecting liquidity at the onset of the Covid-19 pandemic. In September 2021, the Group communicated its intention to resume dividend payments with the announcement of a 2.0p interim dividend and a one-off special dividend of 10.0p in recognition of the benefit from a number of one-off cash inflows that were not part of normal trading. The resumption of dividends after the Covid-19 related pause in 2020/2021 reflects the Board's confidence in the Group's financial resilience and future growth prospects.

The Group's dividend policy aims to deliver a progressive and sustainable dividend to shareholders that has regard to current performance trends, including sales, profit after tax and cash, and satisfies certain guiding principles:

- Dividend cover: targeting two times cover
- Pay-out ratio: targeting 50% of free cash flow
- Consistent with medium-term profit outlook

For the period ended 30 January 2022, dividend cover was two times. The recommended final dividend for the period, to be put to the shareholders for approval at the Annual General Meeting is 10.0 pence. This will bring the full year dividend to 12.0 pence per share. Subject to approval by shareholders, the final dividend will be paid to holders of ordinary shares on the register as of 12 May 2022 with an ex-dividend date of 10 June 2022.

Balance Sheet and Cash Flow

We entered the pandemic with a strong balance sheet and significant liquidity, and we exit the year in a stronger financial position.

The balance sheet has further strengthened on the back of the strong trading performance with £68.4m net cash at bank* as of 30 January 2022. This is a £18.4m increase on the prior year after the payment of total shareholder dividends of £13.4m and the MOMA investment.

The total asset base has increased £34.2m to £336.3m, reflecting the MOMA investment, including the future contingent consideration, the increased cash position and higher working capital.

Working capital has increased as a result of the underlying growth in trading, an element of receivables phasing given year end timing and a conscious effort to rebuild our inventory base of both finished goods and raw materials, to provide increased resilience across the supply chain. Year end payables and accruals have increased by £16.7m reflecting the reintroduction of employee incentives, the consolidation of MOMA and an element of marketing and track investment phasing. During the year, we made an incremental VAT payment associated with the prior year's Covid-19 VAT deferral. We maintained strong operational controls to protect customer service while ensuring that there were no significant inventory write-offs or debt concerns.

We remain committed to a well-invested asset base and continue to invest in our manufacturing infrastructure. At £5.8m (2020/21: £5.9m), our capital additions reflect a year when we experienced both longer equipment lead times and the effect of restrictions on our operations. Our multi-year process facility replacement programme at Cumbernauld was completed on budget and is now fully operational. During the year, we also took the decision to increase our canning capacity and capability in our Milton Keynes site. Equipment deposits are included in the 2021/22 capital spend with the capacity due to come on-stream in Quarter 1 2023.

The strong trading and profit performance, alongside an abnormally low capital spend and lower pension deficit resulted in a return on capital employed (ROCE), increasing from 16.0% in 2020/21 to 19.6% in 2021/22.

Investment in MOMA Foods Ltd

On 6 December 2021, the Group completed a 61.8% equity investment in MOMA Foods Limited (MOMA) for a total consideration of £6.2m in cash. At the same time, the Group and the vendor entered into a put/call agreement whereby the Group and the vendor have the right to sell/buy the remaining 38.2% shareholding to the other party in three tranches over the next three years. This provides A.G. Barr with a path to full ownership by the end of the financial year 2024/25. The call options have no value for accounting purposes. However, the put options are required to be valued and booked on the balance sheet. Accordingly, a liability of £5.0m has been recognised at the period end, recorded at the present value of the estimated redemption value, using forecast revenue and earnings of MOMA. Under this basis, for the 2021/22 financial year, MOMA has an investment valuation of £10.0m, contibuted £1.1m to revenue and had an immaterial impact on profit. A non-controlling interest in equity has been recognised in respect of this acquisition.

Investment in associate – Elegantly Spirited Limited (Strykk Brand)

In June 2019, the Group made a 20% minority equity investment in Elegantly Spirited Limited (ESL), a business start-up in the emerging zero proof spirits market, and the owner of the STRYKK brand, a range of zero proof spirits products. During the financial year 2020/21, the Group exercised its right to participate in further ESL funding through a £1m convertible loan note.

The Covid-19 related challenges in the hospitality sector resulted in the STRYKK brand temporarily refocusing its strategy from the on-premise to the grocery channel. The retail market for zero proof spirits is becoming increasingly competitive, however the reopening of the hospitality sector is expected to allow the STRYYK brand to develop further in the coming year.

ESL is recognised as an associate, with the investment accounted for under the equity method of accounting.

The investment was originally recognised at the transaction investment price (£1.0m) and subsequently adjusted to reflect the Group's share of the loss since our investment (£0.3m). The Loan note (£1.0m) has been recognised on the balance sheet under loans and receivables. The Group has the right, but not the obligation, to participate in future equity funding initiated by ESL.

Financial risk management

The Group's risk management process is owned by the Board and operates at every level within the business to support the successful delivery of our strategic objectives. The process is based on a balance of risk and opportunity, determined through assessment of the likelihood and impact of the risk and within the context of the Group's risk appetite, as established by the Board. Risks are monitored throughout the year with consideration to internal and external factors and the Group's risk appetite, and updates to risks and mitigation plans are made as required. During the year, the business undertook several dynamic risk assessments to ensure rapid and appropriate responses to the evolving Covid-19 pandemic as well as the impact of supply chain disruption and inflationary pressures on our operations. The principal risks that could potentially have a significant impact on our business have not changed since the end of the financial year.

Treasury and commodity risk management

The treasury and commodity risks faced by the Group continue to be identified and managed by the Group Treasury and Commodity Committee, whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Risk Committee reviews. No transactions are entered into for speculative purposes. Key financial risks managed by this committee include exposures to foreign exchange rates, the management of the Group's debt, commodity and liquidity positions. The Group uses financial instruments to hedge against foreign currency exposures.

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing strong commercial relationships with its key suppliers. The Group manages commodity pricing risk actively and where commercially appropriate, will enter into fixed price supply contracts with suppliers to improve certainty.

The Group enters into insurance arrangements to cover certain insurable risks where external insurance is considered by management to be an appropriate economic means of mitigating these risks.

As at 30 January 2022, in addition to the Group's cash position, the Group had £30m of committed and unutilised debt facilities, consisting of two revolving credit facilities with two individual banks, providing the business with a secure funding platform. These facilities are continually reviewed to ensure they remain appropriate in terms of quantum, duration and cost effectiveness. One of these facilities (£10m) expires in April 2023 and the other (£20m) expires in February 2026. The ongoing facilities provide security and optionality, should debt capacity be required to facilitate corporate opportunities.

Accounting policies

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Listing Rules of the Financial Conduct Authority.

There have been no changes to the accounting policies applied this year. All new or amended standards that are applicable have been adopted with no material impact on the results for the current and prior reporting periods.

Pensions

The Group continues to operate two pension plans: the A.G. BARR p.l.c. (2005) Defined Contribution Pension Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary, which also includes a defined contribution section for pension provision to senior managers.

The defined benefit scheme has been closed to new entrants since 5 April 2002 (and to new executive entrants since 14 August 2003) and closed to future accrual for members in May 2016. Existing and new employees have been invited to join the Company-wide defined contribution scheme.

The defined benefit pension scheme triennial valuation as at April 2020 identified a £7.7m deficit on a technical provisions basis, as at that date, reflecting the substantial reduction in the value of the Scheme's investments which occurred at the start of the Covid-19 crisis.

The Company agreed with the Pension Scheme Trustee that the ongoing deficit recovery plan of a £1.0m per annum Company contribution should continue for the next three years, with the intention of eliminating the deficit over the medium-term. This plan has been submitted to the Pension Regulator for approval. A deficit reduction payment of £1.0m was made to the defined benefit pension scheme in May 2021. The next triennial actuarial valuation will be as at April 2023.

On an IAS 19 valuation basis, which is determined before the benefit of the asset back funding arrangement, the deficit reduced from £7.9m as at 24 January 2021 to £1.0m as at the balance sheet date. The reduction in the net deficit is attributable to the favourable discount rate change, due to the increase in returns from corporate bonds used to calculate the discount rates on the liabilities of the post-employment plans (from 1.4% to 2.2%) and cash contributions, £2.4m, made by the Company partially offset by the change in inflation rate assumptions (from 2.9% to 3.6%). Total cash contributions by the Group to all post-employment plans in the year ending 30 January 2022 were £4.0m.

The Group continues to work proactively with the Pension Trustee to de-risk the pension liabilities and secure the commitments to employee benefits as part of the Group's ongoing strategic risk management. The Group remains of the view that the overall pension deficit is manageable.

Having delivered a strong recovery in both top and bottom line performance, the business is in a strong financial position and well placed to build on its positive momentum.

Stuart Lorimer
Finance Director
29 March 2022

Note:
The Group utilises a range of financial and non-financial performance indicators to manage and report on the business. These are set out on page 11 and page 24. Financial metrics marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 188 to 191.

Risk Management

Identifying, Evaluating and Managing Risk.

"The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, supported by the Audit and Risk Committee (the "ARC") and the Risk Committee."

Julie Barr
Company Secretary

Risk management approach

A risk management framework is in place which sets out the ongoing processes for the identification, assessment and management of risks, and for their ongoing monitoring and review. The Board has defined its risk appetite in a number of key areas for the business – this sets out the relative level of risk that the Group is prepared to seek or accept in the pursuit of its long-term strategic objectives. The aim is to ensure that the risks taken by the Group fall within its defined risk appetite.

Effective risk management is essential to enable us to achieve our operational and strategic objectives and deliver long-term value creation. During the reporting period we have continued to enhance our culture of risk management throughout the organisation, which will contribute towards the successful execution of the Group's long-term strategy.

Robust risk assessment

The risk management framework sets out a systematic approach to risk management which is designed to identify risks to the business, regardless of source. Once identified, risks are assessed according to the likelihood and impact of the risk occurring and an appropriate risk response is determined in line with the Group's risk appetite. Risks are re-assessed based on the strength of the mitigating controls implemented. The implementation of risk mitigation plans is subject to ongoing monitoring and review. A risk scoring matrix is used to ensure that a consistent approach is taken across the business at both a corporate and functional level. This risk assessment and review process is documented in the appropriate risk register. Risks are reviewed on an ongoing basis; the Group's risk register is formally reviewed by the Risk Committee every two months and by the Board and the ARC twice each year.

The Board and the ARC carry out a robust assessment of the Group's emerging risks at least once each year using a horizon scanning approach together with internal and external insights. The purpose of these assessments is to identify key emerging risks for further evaluation, monitoring and action planning. Emerging risks are captured on the Group's emerging risk register and are subject to ongoing review. Emerging risks are also assessed at a functional level and captured on the relevant function's risk register, and are also subject to ongoing review. The Risk Committee assesses emerging risks at a Group level and reviews the Group's emerging risk register on a bi-monthly basis. The Risk Committee has annual oversight of emerging risks at a functional level. Emerging risks remain on the relevant emerging risk register until they are captured on an appropriate risk register or are no longer deemed to be an emerging risk. The Board has completed a robust assessment of the Group's emerging risks, including those related to climate change and technology, during the period.

Risk control assurance

Internal audit work is undertaken by an independent organisation which develops an annual internal audit plan having reviewed the Group's risk register and following discussions with the external auditors, management and members of the ARC.

During the year the ARC has reviewed reports covering the internal audit work. This has included assessment of the general control environment, identification of any control weaknesses and quantification of any associated risk, together with a review of the status of mitigating actions. The ARC has also received reports from management in relation to specific risk items, together with reports from the external auditors, who consider controls to the extent necessary to form an opinion as to the truth and fairness of the financial statements.

The Group's internal control and risk management systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable but not absolute assurance against material misstatement or loss.

The report of the ARC can be found on pages 72 to 75.

Principal risks and uncertainties

The Board has carried out a robust, systematic assessment of the principal risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity and reputation. The table below sets out the Group's principal risks as determined by the Board, the net risk movement from the prior year and examples of corresponding controls and mitigating actions. This represents the Group's current risk profile – it is not intended to be an exhaustive list of all risks facing the Group and the risks are not set out in priority order.

Covid-19

As the Covid-19 crisis continued during the past year, our primary concern has remained the welfare of our employees, their families and the communities in which we operate. Since the start of the Covid-19 pandemic, we have followed Government advice at all times as a minimum and will continue to do so. We have taken action as appropriate to protect our employees and our operations. We continue to monitor the situation closely as Covid-19 restrictions are eased and to take appropriate actions to minimise the impact on our business, with the health and safety of our employees remaining paramount. There is the ongoing potential for Covid-19 to have an adverse impact on our operations and on the demand for our products and we continue to take action to mitigate possible consequences. We will continue to follow developments closely and will take further action to protect our employees and business as appropriate.

For more details on the Board's consideration of the impact of Covid-19, please refer to the Chief Executive's statement on pages 12 to 16, and the viability disclosures on pages 56 and 57.

> **"Effective risk management is essential to enable us to achieve our operational and strategic objectives and deliver long term value creation."**

Brexit

As reported last year, Brexit-related risks were not considered to represent a principal risk for the business. The formal conclusion of UK and European Union ("EU") negotiations on post-Brexit trade arrangements in April 2021 has reduced the risks associated with Brexit further. We will continue to manage Brexit-related impacts on our business conducted in the EU, particularly on our processes and documentation, however given that c.3% of our business is conducted in the EU, we have seen limited impact on our overall business during the year.

Risk Management continued

The net risk movement from the prior year for each principal risk is set out in the table below.

Principal risks and uncertainties

Net risks relating to the Group

Movement: – No change ^ Increased V Decreased N New

Risk	Impact	Controls and mitigating actions	Movement
Changes in consumer preferences, perception or purchasing behaviour	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	The Group offers a broad range of branded products across a range of flavours, subcategories and markets which offer choice to the end consumer. Changing consumer attitudes and behaviours are monitored on an ongoing basis and inform our brand plans and new product development. Through investment in innovation across the year we have adapted our portfolio to align with these changing consumer needs.	–
Consumer rejection of reformulated products	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	Over a number of years we have implemented our extensive innovation and reformulation programme, which was completed prior to the introduction of the Soft Drinks Industry Levy in April 2018. 98% of our current Barr Soft Drinks portfolio produced by volume contains less than 5g of total sugars per 100ml. From April 2022, six months ahead of new regulations applicable to High Fat, Sugar and Salt ("HFSS") products, 98% of our Barr Soft Drinks portfolio will be HFSS exempt. We recognise that the risk of consumer rejection of the enhanced sweeteners used in our reformulated products remains. We continue to closely monitor consumer acceptance levels and brand performance across our total portfolio and take appropriate mitigating actions.	–
Loss of product integrity	A loss of product integrity in the manufacturing supply chain could lead to a product withdrawal or recall.	Appropriate risk assessments are carried out on a regular basis and robust quality controls and processes are in place to maintain the high quality of our products. A number of additional controls were implemented during the year to further mitigate product integrity risks. Product recall procedures are tested regularly.	–
Loss of continuity of supply of major raw materials	The loss of continuity of supply of major raw material ingredients and/or packaging materials could impact our ability to manufacture, with an adverse impact on the Group's sales and operating profits.	There is a robust supplier selection process in place. Supplier performance is monitored on an ongoing basis and audits are undertaken for major suppliers. Multiple sources of supply are sourced wherever possible. Commodity risks are managed by the procurement team and reviewed by the Treasury and Commodity Committee. Contingency measures are in place and are tested regularly. During the year we continued to work closely with key raw material suppliers in relation to the ongoing impact of Covid-19 on their businesses.	–

Risk	Impact	Controls and mitigating actions	Movement
Adverse publicity in relation to the soft drinks industry, the Group or its brands	Adverse publicity in relation to the soft drinks industry, the Group or its brands could have an adverse impact on the Group's reputation, consumer consumption patterns, sales and operating profits.	Our risk management process is designed to identify and monitor events that may impact the Group as a result of adverse publicity and to ensure that controls are in place to manage these risks. Processes are in place to ensure compliance with health and safety legislation and ethical working standards, and these are regularly reviewed by the Board and Executive Committee. Quality standards are well defined, implemented and monitored. Our environmental commitments are being progressed through our "No Time To Waste" environmental sustainability programme – further details are set out below. The Group maintains and develops ISO 9001 and 14001 systems and BRC standards which are subject to annual external audits, with any non-conformances addressed in a timely manner. During the year the Company was recommended for ISO 45001 certification and subsequently achieved this certification. Nutritional information is shown on all of our products and we are long-standing users of the UK Government's voluntary front of pack nutritional labelling scheme. As noted above, the Group has followed the Covid-related advice from the Government at all times throughout the crisis as a minimum and will continue to do so.	–
Government intervention on climate change and environmental issues, e.g. packaging waste	Government intervention on climate change and environmental issues, e.g. the introduction of a Deposit Return Scheme, could have an adverse impact on consumer consumption patterns, sales and operating profits.	The increased pace of change and level of environmental campaigning in relation to climate change and areas such as packaging reported last year has continued during the year. We have clearly defined responsibility commitments with regard to waste, water, energy, sustainable sourcing and packaging. We continue to work constructively with the British Soft Drinks Association, the UK and Scottish governments, and other key stakeholders in relation to potential interventions, such as the planned introduction of a Deposit Return Scheme ("DRS") in Scotland and the possible introduction of a DRS in England. As noted above, various environmental sustainability related workstreams are being progressed through our "No Time To Waste" environmental sustainability programme – further details are set out below.	–

Risk Management continued

Principal risks and uncertainties continued

Movement: – No change Λ Increased V Decreased N New

Risk	Impact	Controls and mitigating actions	Movement
Failure to maintain customer relationships or take account of changing market dynamics	Failure to maintain appropriate customer relationships or a reduction in the customer base could have an adverse impact on the Group's sales and operating profits.	The Group offers a broad range of brands that it manufactures and distributes through a variety of trade channels and customers. Performance is monitored closely by the Board and Executive Committee by trade channel and customer as appropriate. This includes monitoring of metrics which review brand equity strength, financial and operational performance. The Group focuses on delivering high quality products and invests heavily in building brand equity. We work closely in partnership with our customers on an ongoing basis. Members of the senior management team meet with key customers throughout the year. During the year we continued to engage with customers in relation to control measures put in place to minimise Covid-related risks for our respective employees and the wider public.	–
Inability to protect the Group's intellectual property rights	Failure to protect the Group's intellectual property rights could result in a loss of brand value.	The Group invests considerable effort in proactively protecting its intellectual property rights, for example through trademark and design registrations and vigorous legal enforcement as and when required.	–
Failure of the Group's operational infrastructure	A catastrophic failure of the Group's major production or distribution facilities could lead to a sustained loss in capacity or capability.	Assets within the Group are proactively managed and maintained. Risk assessments are carried out on a regular basis and appropriate actions taken. Robust business continuity plans are in place and are regularly tested.	–
Failure of critical IT systems or a breach of cyber security	A failure of critical IT systems could result in a loss of key systems, business interruption, lost sales or lost production. A cyber security breach could lead to operational disruption, financial loss and reputational damage.	IT assets within the Group are proactively managed and procedures exist that support rapid and clean recovery. Robust business continuity plans and contingency measures are in place and are regularly tested. Appropriate processes and controls related to IT systems resilience and recovery capability are in place. The risk of cyber attacks continues to increase on an ongoing basis, including the risk of a ransomware attack. Appropriate cyber risk monitoring controls are in place and various actions have been taken during the year to mitigate cyber security related risks and facilitate business recovery in the event of an attack. Employee awareness campaigns and training continued during the year to increase employee cyber risk awareness. A Digital Governance Group is in place, overseen by the Risk Committee, the purpose of which is to manage the risks related to the Group's externally facing digital properties.	Λ

Risk	Impact	Controls and mitigating actions	Movement
Financial risks	The Group's activities expose it to a variety of financial risks which include market risk (including medium-term movements in exchange rates, interest rate risk and commodity price risk), credit risk and liquidity risk.	Our underlying objective is to reduce foreign currency related volatility through our cost of goods. Financial risks are reviewed and managed by the Treasury and Commodity Committee, which seeks to minimise adverse effects on the Group's financial performance through hedging known currency exposures throughout the year. The Group's finance team reviews cash flow forecasts throughout the year, with headroom against banking covenants assessed regularly. The finance team uses external tools to assess credit limits offered to customers, manages trade receivable balances vigilantly and takes prompt action on overdue accounts. The Group's financial control environment is subject to review by both internal and external audit. Internal audit's focus is to work with and challenge management to ensure an appropriate control environment is maintained. Last year our internal auditor carried out a review of the operation of our key financial controls in light of the Covid-19 pandemic, which concluded that these controls had not been significantly impacted by Covid-19.	–
Environmental Social Governance ("ESG") risks	An inability to meet the Group's ESG commitments could impact revenue if consumers choose to purchase and consume alternative brands, Governments impose additional taxes or the associated reputational damage makes it difficult to recruit talent.	ESG risks were classified as a new principal risk for the Group during the year due to the increased focus from all stakeholders (including Governments, customers, consumers, competitors, employees and investors) on ESG matters, in particular environmental sustainability. Five environmental sustainability related workstreams are being progressed through our Group-wide "No Time To Waste" ("NTTW") environmental sustainability programme: plastic, net-zero, sustainable sourcing, water and waste. The NTTW programme reports to the NTTW Steering Group, which is responsible for setting the Group's environmental strategy, for achieving the Group's environmental targets, and for monitoring and managing the associated risks. The NTTW Steering Group is overseen by the ESG Board Committee, which was newly established during the year. Further detail is provided in the Responsibility Report on pages 22 to 45.	N

Risk Management continued

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the directors have assessed the viability of the Company over a three year period to January 2025, taking account of the Group's current financial and market position, future prospects and the Group's principal risks, as detailed in the Strategic Report.

The directors have determined that a three-year period is an appropriate time frame given the dynamic nature of the FMCG sector and given that this is in line with the Group's strategic planning period. The starting point for the viability assessment is the strategic and financial plan which makes assumptions relating to the economic climate, market growth, input cost inflation and growth from the Group's performance drivers. The prospects of the Group have been taken into account, including the size of the current market, the strength of the Group's brands and past production capacity investment. The model was then subject to a series of theoretical "stress test" scenarios based on the materialisation of principal risks, with input from the business functions.

The directors have considered the impact of a number of severe but plausible scenarios associated with the principal risks, including:

Scenario	Estimated impact
Disruption as a result of cyber-attack, resulting in factories ceasing production	No sales for the month following attack, followed by a gradual return to normalised levels from month five onwards. Significant incremental one off costs as a result
Significant adverse damage to one of the Group's principal brands (e.g. IRN-BRU)	A sizeable reduction (in the region of 40%) in brand revenue, sustained over the duration of the viability period
Significant changes in consumer preferences and governmental impact in relation to sugar, plastics and the introduction of a Deposit Return Scheme (DRS), specifically in Scotland	A reduction in volumes sold (<5%) over and above current estimates as a result of DRS, from the proposed DRS implementation date until the end of the viability period
The impact of a pandemic (e.g. Covid-19), associated restrictions, and a consequent channel shift and reduction in consumer demand	A reduction in revenue (in the region of 10%) for one year, to the extent experienced during the Covid-19 pandemic
Rising costs across energy and material supplies	Substantial cost increases suffered for the duration of the viability period, with consequential impact on pricing and volumes sold (in the region of 2% reduction)

The directors also measured the impact of a number of scenarios occurring together. Finally a reverse "stress test" was performed allowing the Board to assess circumstances that would render its business model unviable.

As part of our Task Force on Climate-related Financial Disclosures (TCFD) the Group has assessed potential financial impacts from climate change to the business. The financial plan for the Group includes the best estimate of the impacts of climate change on financial performance, including material cost inflation, an increase in climate related regulatory costs, and a change to consumer behaviour. None of the physical and transition risks which are considered material to our business would present a risk to viability over the planning period. These risks are detailed on pages 40 and 41.

Credit facilities

The outputs of these scenario tests were reviewed against the Group's current and projected future net cash/debt and liquidity position. The Group closed the financial year with net cash at bank of £68.4m. In addition, the Group had £30m of committed and unutilised debt facilities, consisting of two revolving credit facilities with individual banks. During the viability period, one of these facilities will expire, resulting in a £10m reduction to the debt available. The revolving credit facilities have two financial covenants, relating to interest cover and leverage, and a material adverse change clause.

Result of stress tests

Under the most severe but plausible combined scenarios above, and with no cost mitigation, the Group would not require access to any debt facility. Should the financial loss be worse than this scenario assumes, sizeable cost mitigation opportunities, such as those accessed in the year ended 24 January 2021, would be available to the Group to further preserve viability.

The reverse stress test showed that a volume drop significantly beyond our severe but plausible scenarios, both in depth and duration, would be required in order to render the business model unviable. These circumstances are therefore considered implausible.

The results of these tests were reviewed taking into account the Group's current position, the Group's experience of managing adverse conditions in the past and mitigating actions available to the Group. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period to January 2025.

The Strategic Report set out on pages 2 to 57 of this annual report has been approved by the Board.

By order of the Board

Julie Barr
Company Secretary
29 March 2022

Board of Directors

	John R. Nicolson B.A. (Hons) Chairman	**Roger A. White** M.A. (Hons) Chief Executive	**Stuart Lorimer** BAcc. (Hons), C.A., M.C.T. Finance Director	**Jonathan D. Kemp** B.A. (Hons) Commercial Director	**W. Robin G. Barr** C.A. Non-Executive Director
Biography	John's career was spent with ICI, Unilever, Fosters Brewing Group, Scottish and Newcastle plc and Chairman of Baltika SA (Russia). Latterly as President Americas for Heineken NV and Deputy Chairman of CCU SA (Chile) and Non-Executive Director of PZ Cussons plc. He held various positions in marketing and sales before moving into corporate development and then general management. John brings extensive knowledge of the role of a director on boards of both UK plc's and listed international companies since 2000, and as a chairman since 2005. He has an executive background in commercial activities and corporate development, acquired while being responsible for a large number of international businesses.	Roger is a member of the Board of Management and Executive Council and is a past President of the British Soft Drinks Association. Previously held numerous senior positions in food group Rank Hovis McDougall. Scottish plc Chief Executive of the year in 2010. Honorary Doctorate from the University of Edinburgh in 2014. Roger brings a wealth of consumer goods experience and corporate leadership.	Stuart was with Diageo for 22 years in a range of roles and countries, ultimately as the FD for Diageo's Global Supply Operation. Stuart brings significant experience in FMCG in both alcoholic and soft drinks sectors and a strong background in governance and performance management as a qualified CA and FD.	Jonathan has had a successful career in various commercial roles within Procter and Gamble. Jonathan brings FMCG specialism in customer business development, consumer brand building and commercial proposition optimisation.	Robin is a past President of the British Soft Drinks Association. Robin brings financial skills and an extensive understanding of UK markets to the Board. As Executive Chairman from 1978 to 2009 Robin brings a historical background to discussions to the Board. He is a qualified accountant and a Trustee of the Company's two pension schemes.
Term of Office	Joined the Company in 2013 as a Non-Executive Director. Appointed Chairman January 2015.	Joined the Company in 2002 as Managing Director. Appointed Chief Executive in 2004.	Joined the Company as Finance Director in January 2015.	Joined the Company in 2003 as Commercial Director.	Joined the Company in 1960. Appointed Director in 1964 and Chairman in 1978. Retired as Chairman and appointed Non-Executive Director in 2009.
External Appointments	Non-Executive Director of PZ Cussons plc.	Non-Executive Director of Troy Income & Growth Trust, Non-Executive Director of William Jackson Food Group Limited, Director of Elegantly Spirited Limited, Director of MOMA Foods Limited.	Director of MOMA Foods Limited.	Non-Executive Director of Cricket Scotland Limited.	None
Committee Membership	Nomination Committee (Chair)	Environmental, Social and Governance Committee			Nomination Committee

David J. Ritchie
B.A. (Hons), A.C.A.
Non-Executive Director

Biography

David is a qualified Chartered Accountant and former Chief Executive of Bovis Homes Group PLC (Bovis). He joined Bovis in 1998 from KPMG as Group Financial Controller, becoming Group Finance Director in 2002 and Chief Executive in 2008.

David brings significant operational experience and governance knowledge from his 15 years leading a listed FTSE250 company plus strong financial oversight through his 30 years as a financial professional.

Term of Office

Joined the Company in April 2015 as a Non-Executive Director.

External Appointments

CEO of WElink Homes UK, Executive Chair of Lucas Design Group.

Committee Membership

Audit and Risk Committee
Nomination Committee
Remuneration Committee (Chair)

Susan V. Barratt
B.A. (Hons), A.C.A.
Senior Non-Executive Director

Biography

Susan is a Chartered Accountant and spent the earlier part of her career in senior finance roles at Geest plc, Whitbread plc and Laurel Pub Company. Formerly CEO of Natures Way Foods Limited, Eldridge Pope plc and Non-Executive Director of Higgidy Limited.

Susan brings considerable operational experience and knowledge of the FMCG industry.

Term of Office

Joined the Company in January 2018 as a Non-Executive Director.

External Appointments

CEO of The Institute of Grocery Distribution.

Committee Membership

Audit and Risk Committee
Nomination Committee
Remuneration Committee
Environmental, Social and Governance Committee

Nicholas B. E. Wharton
A.C.A.
Non-Executive Director

Biography

Nick is a qualified Chartered Accountant and was formerly CFO of both Superdry plc and Halfords Group Plc and CEO of Dunelm plc. He has held a number of senior executive roles across retail and FMCG businesses, including Boots and Cadbury Schweppes, and until December 2019 was a non-executive director and Chair of the Audit Committee at Mothercare Plc.

Nick brings extensive retail experience both in the UK and internationally, substantial plc and governance experience from executive and non-executive roles on listed company boards and significant financial experience as a qualified chartered accountant and CFO.

Term of Office

Joined the Company in November 2018 as a Non-Executive Director.

External Appointments

Group Chief Financial Officer of Pepco Group N.V.

Committee Membership

Audit and Risk Committee (Chair)
Nomination Committee

Mark Allen OBE
L.L.B. (Hons)
Non-Executive Director

Biography

Mark's early career in the police force sparked an interest in law. After completing a law degree Mark held a variety of corporate roles, initially with Shell and latterly with Dairy Crest where he was CEO from 2007 to 2019. Mark has held non-executive roles at Howdens, Dairy UK, Warburtons and Norcros plc, where he was Chair from July 2020 until April 2021.

Mark brings a deep understanding of consumer goods, as well as significant public company experience.

Term of Office

Joined the Company in July 2021 as a Non-Executive Director.

External Appointments

Non-Executive Chair of Halo Foods Limited.

Committee Membership

Audit and Risk Committee
Nomination Committee

Zoe Howorth
B.A. (Hons)
Non-Executive Director

Biography

An economics graduate, Zoe has had a successful career spanning a range of roles at Procter and Gamble, United Biscuits and The Coca-Cola Company where she spent 16 years, culminating in her role as UK Marketing Director from 2010 – 2013. Zoe has also held a number of non-executive director roles with private companies.

Zoe brings extensive FMCG experience, specifically across the food and beverage sector, as well as consumer brand marketing capability and direct to consumer digital understanding.

Term of Office

Joined the Company in July 2021 as a Non-Executive Director.

External Appointments

Non-Executive Director of Water Babies International, Non-Executive Director of International Schools Partnership Limited.

Committee Membership

Remuneration Committee
Environmental, Social and Governance Committee (Chair)

Corporate Governance Report
Chairman's introduction

"I am pleased to present our Corporate Governance Report for the year ended 30 January 2022."

John R. Nicolson
Chairman

Dear Shareholder,
This year's Corporate Governance Report describes our approach to governance and sets out how the principles of the 2018 UK Corporate Governance Code have been applied during the year. Information about the operation of the Board and its committees, and an overview of the Company's system of internal controls are also included.

Having completed eight years as a non-executive director, Pam Powell stood down from the Board at the end of June 2021 as part of the long term Board succession plan. I would like to thank Pam for her valuable contribution over the past eight years in helping to shape the direction and performance of the business.

We were pleased to welcome Mark Allen OBE to the Board during the year, who was appointed as an independent non-executive director and Chairman designate. I will step down from the Board prior to the Annual General Meeting in May 2022 following nine years as a non-executive director of the Company, seven of which have been as Chairman. Mark will succeed me as Chairman when I step down from the Board. Mark is a highly experienced director and Board member with a long and successful career across multiple sectors.

We were also delighted to welcome Zoe Howorth to the Board during the year, who was appointed as an independent non-executive director. Zoe brings extensive FMCG experience to the Board, specifically across the food and beverage sector, as well as consumer brand marketing expertise and direct to consumer digital capabilities. Zoe Chairs the Board's newly established Environmental, Social and Governance Committee and succeeded Pam Powell as the Board's designated workforce engagement director. Otherwise there were no changes to the Board during the year.

Further details of the Board's composition are given on pages 58 and 59.

John R. Nicolson

John R. Nicolson
Chairman
29 March 2022

The Board

The Company is led by a strong and experienced board of directors (the "Board") which brings a depth and diversity of expertise to the leadership of the Company. The Board is committed to ensuring that it has an appropriate balance of skills, experience and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. The Nomination Committee report set out below describes how the Board achieves that aim. The Board currently has ten members, comprising three executive directors, the non-executive Chairman, five independent non-executive directors and one non-independent non-executive director. Biographical details of the directors are set out on pages 58 and 59.

The roles of Chairman and Chief Executive are separate and there is a clear division of responsibilities between those roles. The Chairman leads the Board and ensures the effective engagement and contribution of all non-executive and executive directors. The Chairman facilitates constructive Board relations and ensures that Board meetings are underpinned by a culture of openness and challenge, with sufficient time made available to debate issues arising. The Chairman ensures that the Board receive accurate, timely and clear information. The annual Board performance evaluation referred to below evaluates the Chairman's performance in these areas. The Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated from the Board. The non-executive directors support the development of the Group's strategy and provide constructive challenge to the executive directors. The senior independent non-executive director, S.V. Barratt, is available to shareholders if they have concerns which have not been resolved via the normal channels of Chairman, Chief Executive, or the other executive directors, or where communication through such channels would be inappropriate.

The Board considers that M. Allen OBE, S.V. Barratt, Z.L. Howorth, D.J. Ritchie and N.B.E. Wharton are independent for the purposes of provision 10 of the 2018 UK Corporate Governance Code, issued by the Financial Reporting Council in July 2018 (the "Code"), and that the relationships and circumstances set out in that provision which may appear relevant to the determination of independence do not apply. The Board considers that P. Powell was independent for the purposes of the Code until she stood down from the Board at the end of June 2021. The Board considers that, on appointment, the Chairman was independent for the purposes of provision 9 of the Code. In addition to his role as Chairman of the Company, J.R. Nicolson is a director of PZ Cussons PLC. During the year, J.R. Nicolson stepped down as a director of Stocks Spirits Group PLC. The Board does not consider that J.R. Nicolson's other commitments have any impact on his ability to discharge his duties as Chairman of the Company effectively. S.V. Barratt fulfilled the role of senior independent director during the year to 30 January 2022.

The Articles of Association require directors to retire and submit themselves for election at the first Annual General Meeting ("AGM") following appointment and to retire no later than the third annual general meeting after the annual general meeting at which they were last elected or re-elected. However, in order to comply with the Code, all directors (other than M. Allen OBE and Z.L. Howorth) will submit themselves for re-election at the AGM. M. Allen OBE and Z.L. Howorth will retire and submit themselves for election at the AGM.

Details of directors' remuneration and interests in shares of the Company are given in the Directors' Remuneration Report on pages 76 to 109.

Role of the Board

The Board is responsible for the long-term success of the Group, determines the strategic direction of the Group and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the Board, which is subject to annual review and includes the approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the Board, alterations to the Memorandum and Articles of Association, legal actions brought by or against the Group above certain thresholds, and the scope of delegations to Board committees, subsidiary boards and the Executive Committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive directors and an Executive Committee, which as at the date of this report includes the executive directors and five senior managers.

The Board's governance supports the delivery of its strategy to deliver long-term sustainable value through:

- Leadership: the Board is collectively responsible for the long-term sustainable success of the Company. The composition of the Board and an explanation of their skills, experience and contribution are set out on pages 58 and 59. Further information on the Board's leadership, its division of responsibilities and the role of the non-executive directors in providing constructive challenge and supporting the development of strategy is set out above. The Board approves the Group's strategy and annual budget, reviews subsequent progress and makes decisions related to matters reserved for the Board in order to support the delivery of its strategy.
- Effectiveness: the Board's governance framework ensures the effectiveness of the Board. Please see below for information on induction, training and development for directors and the Board performance evaluation.
- Accountability: the Audit and Risk Committee report (pages 72 to 75) and the report on Risk Management (pages 50 to 57) describe how the Board ensures a fair, balanced and understandable assessment of the Company's performance and prospects and how it assesses its principal risks. The Audit and Risk Committee report sets out how the Company maintains an appropriate relationship with its external auditor, consistent with the Code and statutory requirements.
- Remuneration: the Directors' Remuneration Policy (pages 96 to 109) and detailed remuneration report (pages 79 to 95) describe how the Remuneration Committee ensures that the executive directors' remuneration is designed to promote the long-term success of the Company.
- Shareholder relations and engagement: the section 172(1) statement set out below describes how the Company engages with shareholders.

Section 172(1) statement

Stakeholder engagement

Effective engagement with our key stakeholders is critical to the long-term success of the Company. Understanding the perspectives of our stakeholders and building good relationships enables their views to be taken into account in Board and Committee discussions and decision-making. The Board will continue to focus on enhancing its engagement with key stakeholders. Our key stakeholders that the Board considers to be relevant to the business model, strategy and Company success are set out in the table below, together with how we engaged with them during the year, and the impact of that engagement on the Company's strategy and the principal decisions taken during the year.

Corporate Governance Report continued

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Shareholders	We have regular discussions with, and briefings for, investors. The Company endeavours to ensure senior management is available to interact with existing and potential shareholders on as flexible a basis as possible. The Chief Executive and Finance Director offer meetings to institutional shareholders twice annually as a minimum in order to communicate business updates and to develop an understanding of their views on governance, performance against strategy and other matters of interest such as sustainability. All directors have the opportunity to attend these meetings. Board committee chairs seek engagement with shareholders on significant matters related to their areas of responsibility. The Chairman ensures at each Board meeting that the Board as a whole has a clear understanding of the views of shareholders. Due to Covid-related government restrictions, shareholders were not permitted to attend the 2021 AGM in person. However, all shareholders, including private investors, had the opportunity to submit questions in advance of the AGM on matters relating to the Company's operation and performance. Answers to shareholder questions were sent to individual shareholders as soon as possible following the AGM.	The Chief Executive and Finance Director brief the Board on discussions with investors and institutional shareholders. Independent feedback following key meetings is coordinated and provided to the Board by the Company's brokers and financial PR agencies on a regular basis. Board members listen and respond to the views of investors and institutional shareholders and feedback to the business as necessary. During the year, discussions with investors and shareholders regarding the impact of Covid-19 on the business informed the Board's discussions regarding the financial performance of the business and positively influenced the Board's decision to recommence dividends – see further below. Feedback from our major shareholders and investor base on their key sustainability challenges influenced the structure and content of the Company's new Environmental Sustainability Strategy, which was approved by the Board. This feedback also directly influenced the Board's decision to create a new Board committee – the Environmental, Social and Governance ("ESG") Committee – and to approve its terms of reference. The Board also decided to categorise ESG as a principal risk for the Company. The views of our major shareholders and investor base were taken into account in the Board's decision to approve the Company's net zero science-based targets for submission to the Science Based Target Initiative for approval. The Board has committed to be net zero across our own operations by 2035 and across our full supply chain by 2050, if not sooner. These decisions were taken by the Board with the aim of promoting the success of the Company for its shareholders in the long term. In March 2020, given the unprecedented circumstances arising from Covid-19, the Board took the decision to temporarily suspend dividend payments, with the aim of conserving cash and maintaining balance sheet flexibility. The views of major shareholders and the investment community were sought and informed significant Board discussions regarding the potential resumption of dividend payments during the year. The Board considered a wide range of factors when reviewing its dividend policy; the views of major shareholders helped to shape the application of the dividend policy. As a consequence of these discussions and considerations the Board decided that dividend payments should be resumed during the year, with the payment of an interim dividend and a one-off special dividend in October 2021. Subsequent to the Board's decision, the CEO and Finance Director re-engaged with major shareholders to ensure that they were supportive of the Board's plans regarding dividend payments.

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Customers	We have regular engagement with our customers through virtual or face-to-face meetings, conferences and events. Regular reviews of joint business plans take place to ensure that we are aligned on our shared goals. During the year we continued to engage with customers in relation to control measures put in place to minimise Covid-related risks for our respective employees and the wider public. During the year we engaged with customers in relation to key product launches. We also continued to engage with customers on their views and attitudes towards plastic packaging and the planned Deposit Return Scheme ("DRS") in Scotland. During the year, we engaged with our customers in relation to a planned price increase, with the aim of mitigating the impact of significant inflationary cost pressures on the business.	The Commercial Director provides a commercial update to every Board meeting. A formal review of customers and channels is presented to and discussed by the Board annually. Information on customer service levels, including performance against a customer service level KPI, is included in the Board papers for every meeting. We have worked hard during the year to maintain good customer services levels despite significant Covid-related supply chain challenges. The Board supported management's proposal to secure incremental third party storage facilities during the year, with due regard to general supply chain challenges, and also raw material and driver shortages. Discussions with customers regarding Covid-related risks and controls influenced the Board's discussions and support for the Covid Steering Group's decisions during the year regarding the health and safety of our employees. During the year, the Board discussed updates provided to it regarding the impact of Covid-19 on different customer channels, customer investment plans and customer management strategy. Feedback from customers in relation to plastic packaging informed discussions and continued to help drive internal decision-making regarding various environmental initiatives, for example our plans to increase the recycled PET content of our plastic bottles. Feedback from key customers regarding their sustainability commitments influenced the structure and content of the Company's new Environmental Sustainability Strategy, which was approved by the Board. It also influenced the Board's decision to create a new ESG Committee and its decision to approve the Company's net zero science-based targets, as noted above. Engagement with key customers during the year influenced the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.

Corporate Governance Report continued

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Consumers	We are committed to engaging with our consumers through a variety of channels regarding any questions, concerns or feedback which they may have. Our consumer care team aims to respond efficiently and effectively to all matters raised by consumers, whether by email, telephone, social media or post. Consumer research is conducted prior to the launch of key products and in relation to key marketing campaigns, as appropriate. The Board gains insight into consumer needs, behaviours and motivations through regular detailed brand reviews at Board meetings throughout the year. The Board also reviews market and consumer insight data at every Board meeting. The Board receives presentations from senior members of management on consumer trends, brands and key marketing initiatives.	The Commercial Director provides a marketing update to every Board meeting. A formal review of brands and innovation is presented to and discussed by the Board annually. A structured research programme of consumer usage and attitudes is carried out on a regular basis, which informs the Board's risk review process and its discussions regarding its appetite for risks and opportunities in this area. During the year the Board received presentations on the performance of key brands, innovation and marketing campaigns. The Board discussed and were supportive of the brand and innovation strategy for the following year. The Board also received a presentation on Social Media and Digital Technology and were supportive of the action plan to grow key brands in line with this framework. During the year the Board discussed and were supportive of key brand plans for the following year. Research to understand consumers' attitudes and behaviours towards sustainability influenced the structure and content of the Company's new Environmental Sustainability Strategy, which was approved by the Board, as noted above.
Suppliers	We ensure that we source raw materials in a responsible manner and require our suppliers to commit to our Supplier Code of Conduct and to comply with the provisions of our Modern Slavery Statement and Anti-bribery and Corruption Policy. We seek to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing strong commercial relationships with our key suppliers. We have regular engagement with our suppliers through virtual and face-to-face meetings, conferences and events. During the year we continued to engage with key raw material suppliers in relation to the impact of Covid-19 on their businesses in light of significant supply chain challenges. We also continued to engage with third party contractors regarding visits to Company sites, to ensure that only essential activities were undertaken and that appropriate control measures were in place to minimise Covid-related risks for our respective employees and the wider public. During the year we engaged with key suppliers on matters related to climate change, including innovation in sustainable packaging. The Company complies with the Prompt Payment Code guidelines, paying in excess of 90% of its supplier invoices on time.	Updates on supply chain activities, including key suppliers, are provided to every Board meeting and are considered and discussed by the meeting. A review of supply chain strategy, including procurement, is presented to and discussed by the Board annually. The Board approves all key supplier contracts above certain thresholds in accordance with the Company's Statement of Delegated Authorities. Feedback from key suppliers regarding their sustainability commitments influenced the structure and content of the Company's new Environmental Sustainability Strategy, which was approved by the Board. It also influenced the Board's decision to create a new ESG Committee and its decision to approve the Company's net zero science-based targets (particularly in relation to scope 3 emissions), as noted above. We are working closely with our suppliers and have committed to become net zero across our full supply chain by 2050, if not sooner. Engagement with key suppliers during the year informed the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group.

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Employees	The Group is committed to engaging employees at all levels regarding matters which affect them and the performance of the Group. This is achieved in a number of ways, including the use of regular briefing procedures, which twice yearly include a report on trading results. Regular communication meetings are held to keep employees up-to-date with Group performance. Leadership team "hangouts" take place on a monthly basis to keep this group updated and to provide the opportunity for them to ask questions on business related matters. Consultation meetings also take place when the Company is making decisions that are likely to affect employees' interests, at which employee representatives' views are taken into account. The Group's intranet site provides up-to-date information regarding the Group's activities. A magazine for employees, "Juicy Bits", is issued on a regular basis. In addition, an employee engagement survey "Your Voice Matters" is carried out on an annual basis, which seeks feedback from all employees on a range of areas; action plans are created in response to the results of each survey. In addition to the Company's existing employee engagement mechanisms, and as required by the UK Corporate Governance Code, during the year the Nomination Committee reviewed and approved the Board's current mechanism for workforce engagement, being a designated non-executive director, as an appropriate mechanism for workforce engagement. P. Powell was the designated workforce engagement director until 1 July 2021. With effect from that date, Z.L. Howorth became the designated workforce engagement director. A structured plan for workforce engagement is developed for each year. During the year, this included virtual engagement sessions held by Z.L. Howorth – supported by certain other non-executive directors – for employees of different roles and levels across different Company sites, the aim of which was to encourage participation across the workforce in order to understand their views on matters which affect them. The focus of the engagement sessions held during the year was on listening to employees' concerns regarding the impact of Covid-19 on them and in particular on their health and safety and mental wellbeing, and also listening to employees' views on sustainability.	The continued appointment of a designated non-executive director as a mechanism for workforce engagement strengthens the link between employees and the Board, helps to build an open and transparent culture and to ensure that all employees have a voice in the Company's future success. It also helps the Board to make better informed decisions based on the broad perspectives of the workforce. Updates on progress regarding workforce engagement are provided at every Board meeting. During the year, these updates focused on the impact of Covid-19 on employees and in particular on their health and safety and mental wellbeing. It was reported that, overall, the good level of workforce engagement had continued during the year and feedback from the employee engagement sessions was generally positive. Discussion areas during these sessions included hybrid working arrangements, employee wellbeing, and a desire to return to face-to-face meetings and collective celebration of Company success. There is also an ambition to achieve more women in leadership roles in the business. The Board discussed the updates provided to it by the workforce engagement director throughout the year and were supportive of the Covid Steering Group's decisions during the year regarding the health and safety of our employees, including the planned structured return to work programme. Covid-19 updates were also provided to the Board by the CEO at every Board meeting during the year, which focussed on the impact of Covid-19 on employees' health and safety and mental wellbeing. During the year, the Board reviewed and approved the Company's Workforce Engagement Terms of Reference. During the year, the Board reviewed and approved the Company's Speaking Up Policy and associated procedures. The results of the "Your Voice Matters" employee engagement survey carried out during the year were presented to and discussed by the Board. The results of the survey were generally positive, with a high employee response rate and overall employee engagement score; the improvement in the area of health and safety compared to 2019 was particularly pleasing. The Board were supportive of local action planning activities which would take place in response to the results of the survey. The Board held a session on people and succession planning in May 2021.

Corporate Governance Report continued

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Employees continued	During the year there was an exceptionally high level of engagement with employees generally regarding Covid-related matters, through regular communications and briefings and via the Coronavirus portal on the intranet. The process was led by the Covid Steering Group, which met weekly throughout the year to continue to manage the crisis as effectively as possible, with the health and safety of employees being paramount. The implementation of Covid-related processes and procedures continued throughout the year in accordance with the government's guidance as a minimum, with regular communication to employees. A Mental Health Hub was available on the intranet and various other mental health activities took place to continue to help support employees through the crisis. Guidance and support was also provided by the corporate charity chosen by employees, Mental Health UK. The Company has a Speaking Up Policy in place, which complies with the 2018 UK Corporate Governance Code, together with associated procedures, including employee awareness and training, to ensure that employees are encouraged to raise any matters of concern in a timely manner. The Speaking Up Policy is communicated to all employees through a variety of channels. A designated email address is available to employees to enable them to raise any matters of concern. A communications campaign continued during the year to help raise employee awareness of the Speaking Up Policy and to encourage employees to come forward if they want to raise any matters of concern. Further information on how we engage with our key stakeholders is set out in the Strategic Report on pages 2 to 57 and in the Directors' Report on pages 110 to 115.	During the year, an employee consultation process was carried out in relation to the transition from a trust-based structure for the Company's two defined contribution pension schemes to an outsourced master trust structure. The employee feedback from the consultation process was generally positive and influenced the Company's decision to progress and implement the new arrangement in July 2021. During the year, an employee consultation process commenced in relation to the proposed closure of the Barr Direct England Depot at Newcastle; employees' feedback from this consultation process will directly influence the Board's discussions and decision regarding the proposal. The results of the employee sustainability survey influenced the Company's new Environmental Sustainability Strategy, which was approved by the Board, as noted above.

Key Stakeholder	Form of Engagement	How This Stakeholder Group Influenced Board/Committee Discussions and Decisions
Government	We engage with governments and political bodies in an open and constructive manner on issues which affect our business, both directly and through relevant trade associations such as the British Soft Drinks Association ("BSDA"). During the year much of our government engagement has related to DRS in Scotland and has been done in conjunction with the BSDA and Circularity Scotland Limited, the not-for-profit organisation approved to discharge industry's Scottish DRS legal obligations. We have taken steps to communicate our position on key implementation matters to ensure our views were understood and where possible taken into account in decision-making.	Updates on engagement with UK and devolved governments and political bodies were provided to the Board by the Chief Executive throughout the year and influenced its discussions. This engagement also shaped internal activity in relation to these areas during the year. Our insights and understanding from engagement with UK and devolved governments and political bodies during the year informed the Board's discussions and decisions regarding the annual budgeting and long-term strategic planning processes for the Group. Reviews of the regulatory framework under which the Group operates are presented to the Board on a regular basis and inform the Board's discussions and decisions regarding capital expenditure and areas of business development. The Board's ESG Committee discussed and supported our internal project planning for the introduction of a DRS in Scotland and our net zero plans – this work was informed by our engagement with the Scottish government during the year.

Corporate Governance Report continued

Corporate culture and reputation

The Board and the Executive Committee have a critical role in creating and embedding the right corporate culture for the business. The Board aims to maintain the Company's reputation for the highest standards of business conduct and to create a culture that is responsible, diverse and inclusive. The Company's workforce is critical to its future success. The Company's focus on employee engagement will continue in order to create a culture that enables and supports a highly motivated and diverse workforce, to ensure that its workforce do the right thing for its stakeholders and deliver long-term sustainable success for the business. During the year extensive activities took place in response to the ongoing Covid-19 crisis to ensure that this culture was maintained throughout the year, as described in the table above. The Board regularly assesses and monitors the Company's culture, primarily through feedback from employees from the annual employee engagement survey "Your Voice Matters", and ensures that appropriate actions are taken to address the findings thereof. Last year the employee engagement survey was postponed due to the Covid-19 crisis and recommenced in the year under review; the results of this survey showed a high employee response rate and overall employee engagement score. During the year, action plans were progressed in response to the findings of reviews of the Company's health and safety culture, which took place in conjunction with the Keil Centre in the prior year. The business received ISO 45001 accreditation during the year – the level of employee engagement and the role of safety representatives were highlighted by assessors as positive indicators of a strong health and safety culture. Further reviews of the Company's health and safety culture in conjunction with the Keil Centre are planned for the following year. Further information on the Company's culture and workforce engagement is included in the Directors' Report on pages 110 to 115 and in the Strategic Report on pages 2 to 57.

Community and environment

Information regarding the impact of the Company's operations on the community and the environment is included in the Strategic Report on pages 2 to 57.

Acting fairly as between members of the Company

The Board recognises its legal and regulatory duties to act fairly as between members of the Company and has put appropriate structures and processes in place to ensure it complies with all relevant legal requirements, for example in relation to the disclosure of inside information to shareholders.

Conflicts of interest

The Articles of Association allow the Board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Professional advice

All directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. The non-executive directors have access to senior management of the business.

Induction, training and development

On appointment to the Board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Group's businesses, the risks and strategic challenges the Group faces, and the economic, competitive, legal and regulatory environment in which the Group operates. The induction includes, amongst other activities, meetings with Board members, the Company Secretary, senior management and other employees, site visits, market visits and the provision of information relating to the Group, including briefings on key business activities. The Company Secretary provides information to new directors regarding Board policies and procedures, and corporate governance matters. A programme of strategic and other reviews, together with the other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the Group's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the Board and committees of the Board.

Board performance evaluation

Every year the performance and effectiveness of the Board, its committees and individual directors is evaluated. This year the evaluation was carried out internally, having last been externally facilitated during the year to January 2020. The evaluation was led by the Chairman and conducted by the completion of detailed and comprehensive written survey questionnaires by all Board members and the Company Secretary. The Board questionnaire covered such themes as strategy and risk taking, leadership and accountability, how the Board works, Board culture, line of sight and risk management, with a similar degree of coverage for each of the committees. The full written report was shared with and discussed by the Board and each of the committees. The Chairman discussed the results with the directors on an individual basis. Overall, the review found that the Board and its committees were functioning in an effective manner and performing satisfactorily, with no major issues identified. Actions will be taken to address certain areas arising from the evaluation, including the dedication of more time to succession planning and strategy and certain improvements to the Board papers.

The non-executive directors, led by the senior independent director, carried out a performance evaluation of the Chairman without the Chairman present, taking into account the views of the executive directors. It was concluded that J.R. Nicolson's performance continues to be strong and that he demonstrates effective leadership. The Chairman is pleased to confirm that, following performance evaluation of the directors, all of the directors' performances continue to be effective and all of the directors continue to demonstrate commitment to the role of director, including commitment of time for Board meetings and committee meetings and any other relevant duties.

Meetings and attendance

Board meetings are scheduled to be held seven times each year. Between these meetings, as required, additional Board meetings (and/or Board committee meetings) may be held to progress the Company's business. A part of each Board meeting is dedicated to the discussion of specific strategy matters.

In advance of all Board meetings the directors are supplied with detailed and comprehensive papers covering the Group's operating functions. Members of the management team attend and make presentations as appropriate at meetings of the Board. The Company Secretary is responsible to the Board for the timeliness and quality of information provided to it. The Chairman holds meetings with the non-executive directors during the year without the executive directors being present.

The attendance of directors at scheduled Board and committee meetings in the year to 30 January 2022 is set out below. During the year, the Board also convened one additional Board meeting in relation to various matters, including a trading update and the budget for the year to 30 January 2022. All of the directors who could have attended that Board meeting did so, with the exception of N.B.E. Wharton who was unavailable due to ill-health.

	Board Maximum 8	Audit and Risk Committee Maximum 4	Remuneration Committee Maximum 5	Nomination Committee Maximum 3	ESG Committee Maximum 2
Executive					
R.A. White*	8	–	4	3	2
S. Lorimer**	8	4	–	–	–
J.D. Kemp	8	–	–	–	–
Non-executive					
J.R. Nicolson***	8	–	3	3	–
M. Allen****	4	2	–	2	–
W.R.G. Barr	8	–	–	3	–
S.V. Barratt	8	4	5	3	2
Z.L. Howorth†	4	1	2	2	2
P. Powell††	4	2	3	1	–
D.J. Ritchie†††	8	4	5	3	1
N.B.E. Wharton	6	3	–	2	–

* R.A. White attended Board committee meetings during the year by invitation.

** S. Lorimer attended Audit and Risk Committee meetings during the year by invitation.

*** J.R. Nicolson attended Remuneration Committee meetings during the year by invitation.

**** M. Allen was appointed to the Board on 1 July 2021 and could have attended a maximum of four Board meetings, two Audit and Risk Committee meetings and two Nomination Committee meetings.

† Z.L. Howorth was appointed to the Board on 1 July 2021 and could have attended a maximum of four Board meetings, two Remuneration Committee meetings and two ESG Committee meetings. Z.L. Howorth attended Audit and Risk Committee and Nomination Committee meetings during the year by invitation.

†† P. Powell resigned from the Board on 1 July 2021 and could have attended a maximum of four Board meetings, two Audit and Risk Committee meetings, three Remuneration Committee meetings and one Nomination Committee meeting.

††† D.J. Ritchie attended ESG Committee meetings during the year by invitation.

Committees of the Board

The terms of reference of the principal committees of the Board – Audit and Risk, Remuneration, Nomination and ESG – have been approved by the Board and are available on the Company's website, **www.agbarr.co.uk**.

Those terms of reference have been reviewed in the current year and are reviewed at least annually. The work carried out by the Nomination Committee in discharging its responsibilities is summarised below. The work carried out by the Audit and Risk Committee is described within the Audit and Risk Committee's Report on pages 72 to 75. The work carried out by the Remuneration Committee is described within the Directors' Remuneration Report on pages 76 to 109. The work carried out by the ESG Committee, which was established during the year, is described within the Responsibility Report on pages 22 and 45.

The Board has a Market Disclosure Committee which comprises S.V. Barratt, R.A. White, S. Lorimer and the Company Secretary. The Market Disclosure Committee meets only when required and is responsible for overseeing the disclosure of information by the Company to meet its obligations under the Market Abuse Regulation and the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules. There were no meetings of the Market Disclosure Committee held during the year.

The Board also has an Equity Investment Committee which comprises J.R. Nicolson, R.A. White, S. Lorimer and the Company Secretary. The Equity Investment Committee meets only when required and is responsible for overseeing the Company's minority equity investment in Elegantly Spirited Limited and any other future similar equity investments in investee companies. There were no meetings of the Equity Investment Committee held during the year.

Corporate Governance Report continued

Nomination Committee

The Nomination Committee comprises J.R. Nicolson, M. Allen OBE, W.R.G. Barr, S.V. Barratt, D.J. Ritchie and N.B.E. Wharton. P. Powell resigned from the Nomination Committee on 1 July 2021. The Nomination Committee is chaired by J.R. Nicolson. The Nomination Committee leads the process for making appointments to the Board and ensures that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The remit of the Nomination Committee also includes reviewing the composition of the Board through a full evaluation of the skills, knowledge and experience of directors and ensuring plans are in place for orderly succession for appointments to the Board. When identifying potential new directors for appointment to the Board, the Nomination Committee retains the services of an external search consultant. The Nomination Committee makes recommendations to the Board on its membership and the membership of its principal committees.

The Nomination Committee is required, in accordance with its terms of reference, to meet at least once per year. The Nomination Committee met three times during the year and, amongst other matters, considered the structure, size and composition of the Board and its committees, cognisant of the need to ensure that they have the right combination of skills, experience and knowledge, and bearing in mind the length of service of the Board as a whole and the need to regularly refresh its membership. The Nomination Committee considered a corporate succession plan for the Board and senior management, based on merit and objective criteria and cognisant of the need to build a diverse and inclusive culture. The Nomination Committee also received an update on workforce engagement from the Board's designated non-executive director, approved the Board's current mechanism for workforce engagement and recommended the workforce engagement terms of reference to the Board for approval.

The Nomination Committee considered and recommended the appointment of M. Allen OBE to the Board, the Audit and Risk Committee and the Nomination Committee.

The Nomination Committee also considered and recommended the appointment of Z.L. Howorth to the Board, the Remuneration Committee and the ESG Committee. Z.L. Howorth succeeded P. Powell as the Board's designated workforce engagement director. In identifying potential new non-executive directors for these positions, the Nomination Committee retained the services of Sam Allen Associates, an external search consultant. Sam Allen Associates has no other connection with the Company other than the provision of these services.

The Board believes that building a diverse and inclusive culture is integral to the success of the Company. Diversity includes aspects such as diversity of skills, perspectives, industry experience, educational and professional background, gender, ethnicity and age. The Company's Board and Executive Committee Diversity Policy ("Diversity Policy") provides that these aspects will be considered in determining the optimum composition of the Board and Executive Committee, with the aim of achieving an appropriate balance. All appointments to the Board and Executive Committee are made on merit, against objective criteria, and with due regard for the benefits of diversity and inclusion. Whilst no formal measurable objectives have been set for female representation at Board or Executive Committee level, the Company remains committed to the principles of gender diversity and intends to move towards one third female representation on the Board and Executive Committee within a reasonable timeframe. The Nomination Committee is responsible for overseeing the implementation of the Diversity Policy. The Nomination Committee reviews the Diversity Policy at least annually to ensure its effectiveness, with any amendments recommended to the Board for approval. Prior to the resignation of P. Powell as non-executive director and the appointment of M. Allen OBE and Z.L Howorth as non-executive directors on 1 July 2021, 22% of the Board were female. Following the resignation of P. Powell and the appointment of M. Allen OBE and Z.L. Howorth, 20% of the Board were female. As at the date of this report, 25% of the Executive Committee are female and 39% of the Executive Committee's direct reports are female. The disclosure relating to gender diversity within the Company is included in the Strategic Report on page 29.

Treasury and Commodity Committee

The Treasury and Commodity Committee consists of R.A. White, S. Lorimer and senior members of the finance, legal and procurement departments. The Treasury and Commodity Committee's terms of reference are reviewed and approved annually by the Audit and Risk Committee. The Treasury and Commodity Committee reviews purchase requirements in foreign currencies and implements strategies, including the use of foreign exchange hedges, in order to reduce the risk of foreign exchange exposure and provide certainty over the value of non-domestic purchases in the short to medium term. The Treasury and Commodity Committee's remit includes the ability to utilise certain financial instruments in order to hedge the Group's exposure to interest rate fluctuations. The Treasury and Commodity Committee also monitors the Group's short and medium term funding requirements, provides oversight of hedge accounting and adherence to hedge accounting standards, monitors the ongoing requirements of the Company's various employee share schemes, monitors cash flow and any capital restructure programmes, and annually reviews the Company's Statement of Delegated Authorities.

Internal control

The Board has overall responsibility for the Group's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems, including financial, operational and compliance controls, in accordance with the Code for the period from 25 January 2021 to the date of approval of this annual report. No significant failings or weaknesses were identified from this review during the year. Had any failings or weaknesses been identified then the Board would have taken the action required to remedy them.

The Board confirms that there is an ongoing process, embedded in the Group's integrated internal control systems, allowing for the identification, evaluation and management of significant risks, as well as a reporting process to the Board. This risk management process has been in place throughout the year ended 30 January 2022 and up to the date of the approval of this annual report. The Board has carried out a robust, systematic assessment of the principal and emerging risks facing the Group during the period, including those which would threaten its business model, future performance, solvency or liquidity. Information on the Group's risk management framework, including the operation of the Group's Risk Committee, is set out in the Strategic Report on pages 50 and 57.

The three main elements of the Group's internal control system are as follows:

The Board
The Board has overall responsibility for the Group's internal control systems and exercises this through an organisational structure with clearly defined levels of responsibility and authority as well as appropriate reporting procedures.

The Board has a schedule of matters that are brought to it, or its duly authorised committees, for decision, aimed at maintaining effective control over strategic, financial, operational and compliance issues.

This structure includes the Audit and Risk Committee which, with the Finance Director, reviews the effectiveness of the internal financial and operating control environment.

Financial reporting
There is a comprehensive strategic planning, budgeting and forecasting system with an annual operating plan approved by the Board. Monthly financial information, including trading results, cash flow statement, statement of financial position and indebtedness, is reported.

The Board and the Executive Committee review the business and financial performance against the prior year and against annual plans approved by the Board.

Audits and reviews
The key internal risks identified in the Group are subject to regular audits or reviews by the internal auditors. This role is fulfilled by an external professional services firm which is independent from the Board and the Group.

The review of the internal auditor's work by the Audit and Risk Committee and monitoring procedures in place ensure that the findings of the audits are acted upon and subsequent reviews confirm compliance with any agreed action plans.

The Board confirms that there has been an independent internal audit function in place for the year.

Share capital structure
The share capital structure of the Company is set out in the Directors' Report.

UK Corporate Governance Code compliance
The Company is committed to the principles of corporate governance contained in the Code. A copy of the Code is available on the Financial Reporting Council's website, **www.frc.org.uk**.

Each of the provisions of the Code has been reviewed and, where necessary, steps have been taken to ensure that the Company is in compliance with all of those provisions as at the date of this report. The directors consider that the Company has complied throughout the year ended 30 January 2022 with the provisions of the Code, except as set out below.

Provision 38 of the code states that pension contribution rates for executive directors, or payments in lieu, should be aligned to those available to the workforce. As disclosed in the Directors' Remuneration Report, R.A. White and S. Lorimer receive a cash allowance equal to their contractual pension provision of 24% of salary. J.D. Kemp receives a cash allowance equal to his contractual pension provision of 19% of salary, which will rise to 24% of salary. J.D. Kemp receives a cash allowance equal to his contractual pension provision of 19% of salary, which will rise to 24% of salary following his 50th birthday. These provisions will continue to be honoured as contractual commitments made to these incumbent executive directors. As disclosed in the Directors' Remuneration Policy, the maximum company pension contribution for any new executive director appointments will be aligned to the wider workforce, which is currently capped at 17% of salary.

Provision 39 of the Code states that executive directors' contracts should contain a maximum notice period of one year. As disclosed in the Directors' Remuneration Report, the service contracts with R.A. White and J.D. Kemp provide for a notice period of 12 months except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the directors are entitled to a liquidated damages payment equal to the director's basic salary at termination plus the value of all contractual benefits for a two year period. Given the size of the Company and the sector dynamics at the time these directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. As disclosed in the Directors' Remuneration Report, this provision will continue to be honoured as a contractual commitment made to these directors; however this provision was not included in S. Lorimer's service contract and will not be included in service contracts with other new executive directors appointed in future, to ensure that future executive directors' service contracts comply with provision 39 of the Code.

A copy of the financial statements has been placed on the Company's website, **www.agbarr.co.uk**. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

J.A. Barr
Company Secretary
29 March 2022

Audit and Risk Committee Report

Composition

During the year the Audit and Risk Committee (the "ARC") comprised five non-executive directors: N.B.E. Wharton, M. Allen OBE (appointed 1 July 2021), S.V. Barratt, P. Powell (resigned 1 July 2021) and D.J. Ritchie. The ARC is chaired by N.B.E. Wharton. During the year, certain meetings were chaired by S.V. Barratt when N.B.E. Wharton was unavailable due to ill-health. The Board is satisfied that N.B.E. Wharton and S.V. Barratt have recent and relevant financial experience as required by provision 24 of the Code. The Board has determined that the current composition of the ARC as a whole has competence relevant to the sector in which the Company operates, to enable it to deal effectively with the matters it is required to address and to challenge management when necessary. Biographical details relating to each of the ARC members are shown on pages 58 and 59.

Meetings

The ARC met four times during the year. The meetings are attended by the ARC members and, by invitation, the Finance Director, the Group Financial Controller, the Company Secretary and representatives from the external and internal auditors. The ARC meets regularly with executive directors and management, as well as privately with the external and internal auditors.

Role and responsibilities

The primary role of the ARC is to assist the Board in fulfilling its oversight responsibilities. This includes:

- Financial reporting:
  - monitoring the integrity of the annual and interim financial statements and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements and disclosures which they contain;
  - if requested by the Board, providing advice on whether the Annual Report and Accounts are fair, balanced and understandable; and
  - reporting to the Board on the appropriateness of the Group's accounting policies and practices.
- Internal control and risk management:
  - reviewing and monitoring the effectiveness of the Group's internal control and risk management systems;
  - reviewing and monitoring the effectiveness of the internal audit function, which is resourced externally, and management's responsiveness to any findings and recommendations; and
  - reviewing the Group's risk register and emerging risks.
- Policies and procedures:
  - reviewing and approving the terms of reference for the Company's Treasury and Commodity Committee;
  - reviewing the Group's delegated authority limits;
  - reviewing and monitoring the Group's Tax risk management policy;
  - reviewing and monitoring the Group's Anti-facilitation of tax evasion policy;
  - reviewing and monitoring the appropriateness of the Group's Anti-bribery policies and procedures;
  - approving the appointment and removal of the internal auditor;
  - making recommendations to the Board in relation to the appointment and removal of the external auditor and approving its remuneration and terms of engagement;
  - reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;
  - reviewing the policy on the engagement of the external auditor to supply non-audit services; and
  - reporting to the Board on how it has discharged its responsibilities.

Activities of the Audit and Risk Committee

During the period under review, the ARC has:

- Financial reporting:
  - reviewed and discussed with the external auditor the key accounting considerations and judgements reflected in the Group's results for the six month period ended 1 August 2021;
  - reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 30 January 2022;
  - discussed the report received from the external auditor regarding its audit in respect of the year ended 30 January 2022, which included comments on its findings on internal control and key audit risks and a statement on its independence and objectivity;
  - received and reviewed reports from management regarding their approach to key accounting considerations and judgements in the half year and full year financial statements;
  - reviewed the half year and full year financial statements;
  - discussed and agreed the nature and scope of the work to be performed by the external auditors; and
  - reviewed the results of this audit work and the response of management to matters raised.
- Internal control and risk management:
  - received reports from internal audit covering various aspects of the Group's operations, controls and processes;
  - received reports on the operation of the Group's Risk Committee, including reports on the operation of the Group's Covid Steering Group and its management of Covid-related risks during the year which is overseen by the Risk Committee;
  - reviewed the Group's risk register and the Group's principal risks in light of the Board's risk appetite for key risk areas, together with the systems and processes for mitigating those risks;
  - received reports from management on the actions taken by the business to mitigate cyber risks, including the risk of a ransomware attack;
  - reviewed the Group's emerging risks;
  - discussed and agreed the nature and scope of the work to be performed by the internal auditor;
  - reviewed the results of this audit work and the response of management to matters raised;
  - reviewed the effectiveness of the Group's risk management and internal control systems (including financial, operational, compliance and risk management controls); and
  - reviewed and approved the Company's viability statement.

Consideration of the effectiveness of the Group's risk management and internal control systems is set out in the Corporate Governance Report on pages 70 and 71.

- Policies and procedures:
  - reviewed and approved the terms of reference for the Company's Treasury and Commodity Committee;
  - reviewed and recommended the Group's Tax risk management policy to the Board;
  - reviewed and approved the Group's Anti-facilitation of tax evasion policy;
  - reviewed the effectiveness of the Group's Anti-bribery systems and controls and reviewed and approved the Group's Anti-bribery and Corruption policy;
  - reviewed the Group's delegated authority limits;
  - approved the reappointment of the internal auditor;
  - made recommendations to the Board on the appointment and remuneration of the external auditor and monitored the performance of the auditor;
  - monitored and reviewed the performance of the incumbent internal auditor and the effectiveness of the Group's internal audit activities;
  - reviewed its policies on the supply of non-audit services by the external auditor and on the employment of former employees of the Group's external auditor;
  - reviewed the non-audit services provided to the Group by the external auditor and monitored and assessed the independence of both the external and internal auditors; and
  - reviewed the performance of the ARC and its terms of reference.

At the request of the Board, the ARC also considered whether the Annual Report and Accounts for the year ended 30 January 2022, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Following review of management's processes in this regard and consideration of the draft Annual Report and Accounts, the ARC recommended to the Board that it could make the required disclosure as set out in the Directors' Responsibilities Statement on page 116.

Significant areas

The significant matters and key accounting judgements considered by the ARC during the year were:

- Revenue recognition – brand support accruals: judgement is required by management when determining the level of brand support accruals at the year end. During the year, the ARC received and considered reports from management on the level of accruals at the half year and at the year end. It also received and considered reports from the external auditor following their review of net revenue and brand support accruals during the period. The ARC considered these reports and was satisfied that the estimates and judgements made by management are appropriate.
- Management override of controls: there is a risk of fraud associated with the potential override of internal controls by management. During the year, the ARC received and considered a report from the external auditor which stated that its procedures, which included the use of data analytics, did not identify any errors or significant deficiencies in internal controls. The ARC was content that there were no issues arising.

Other areas

Other matters considered by the ARC during the year were:

- The presentation and explanation of the use of alternative performance measures ("APMs"): the ARC considered a report from the external auditor on management's presentation of APMs in the Annual Report and Accounts for the year ended 30 January 2022, including a report on whether the use of APMs and statutory figures was generally well balanced and APMs were appropriately labelled and defined, and was satisfied that APMs were appropriately presented.
- Assumptions used in the Company's defined benefit pension scheme: the Company operates the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme, which includes a defined benefit section. The Company engages a third party, Hymans Robertson, to assist in the valuation of the defined benefit pension scheme liability. There is a risk related to judgements made by management in valuing the defined benefit pension scheme liability, including the appropriateness of the discount rate and inflation rate assumptions. These variables can have a material impact in calculating the quantum of the defined benefit liability. During the year the ARC received and considered a report from the external auditor which stated that it had carried out a review and benchmarking exercise of the assumptions used by Hymans Robertson and concluded that they were within an acceptable range. After discussion and challenge the ARC was satisfied that the assumptions proposed were reasonable and these were approved.
- Impairment of intangible assets: the ARC considered a report from management in relation to their impairment reviews of the intangible asset base and was satisfied with management's conclusion that no impairment indicators exist and an impairment assessment is not required. The external auditor concurred with management's assessment.
- The Company's investment in MOMA Foods Limited ("MOMA"): the Company acquired an initial c.62% equity stake in MOMA in December 2021. The identification and valuation of intangibles as well as the valuation of other assets acquired and related assumptions, including any impairment considerations, were a key area of focus. During the year the ARC received and considered reports from the external auditor and management on these matters, together with a report from the external auditor on the assumptions and methodology used in the calculation of the fair value of the put and call options in place for the remaining c.38% equity stake in MOMA. The ARC was satisfied with these reports and with the accounting for the investment in MOMA.
- Going concern: the ARC considered reports from management regarding the going concern assumption and the key environmental (including Covid) and trading sensitivities applied, and was satisfied that this assumption was appropriate.
- Viability: the ARC considered reports from management regarding the viability statement, including information on the Group's financing facilities, and approved the viability statement.

Audit and Risk Committee Report continued

The ARC receives regular presentations from members of the senior management team. During the year, the ARC considered presentations from representatives of the management team on cyber security, commercial investment, procedures to prevent bribery and corruption, procedures to prevent the facilitation of tax evasion, tax strategy and pension schemes.

External audit

The Group's external auditor is Deloitte LLP ("Deloitte"). The current audit partner is David Sweeney, who has held the role since May 2017. The ARC reviews the external auditor's performance, independence and objectivity annually. The ARC ensures that procedures are in place to safeguard the external auditor's independence and objectivity. The external auditor reports regularly to the ARC on the actions that it has taken to comply with professional and regulatory requirements and current best practice in order to maintain its independence and objectivity.

The Group has a policy in place which ensures that the provision of non-audit services by the external auditor does not impair the auditor's independence or objectivity. This policy reflects the Financial Reporting Council's Ethical Standard 2019, such that the external auditor may only provide non-audit services which are closely linked to the audit itself or are required by law or regulation. The policy was complied with during the year.

Details of the amounts paid to the external auditor during the year for audit and non-audit services are set out in Note 3 to the financial statements. The ratio of fees for non-audit services to those for audit services for the year was 18%, within the 70% cap in the Financial Reporting Council's guidance. The ARC considered the nature and level of non-audit services provided and was satisfied that the objectivity and independence of the external auditor were not affected by the non-audit work undertaken. The non-audit fees during the year related to the performance of the half year review and work regarding foreign sales volumes. The nature of and level of fees for the non-audit services provided were considered by Deloitte who concluded that they did not present a threat to Deloitte's independence.

Deloitte was appointed as the Group's external auditor in May 2017 following a competitive tender process. There are no contractual obligations which restrict the ARC's choice of external auditor. The senior statutory auditor rotates every five years to ensure independence. A new audit partner will therefore replace David Sweeney during the 2022/23 financial year. The ARC acknowledges the requirement to tender the external audit contract at least every ten years. The Company confirms that it has complied with the provisions of the Competition and Markets Authority's Statutory Audit Services Order in respect of the financial year.

During the year, the ARC reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the external audit process. The ARC reviewed and approved the external auditor's plan for undertaking the half year review and the year end audit, including the scope of their work and their proposed approach to the key risk areas identified. After discussion and challenge the ARC approved this plan. The ARC reviewed the detailed reports prepared by the external auditor setting out their findings from the half year review and the year end audit, with a particular focus on the areas of audit risk identified. The ARC also received comprehensive papers from management in relation to the half year review and the year end audit. The ARC held meetings with the external auditor in the absence of management to discuss the interim review and the year end audit findings and processes. The ARC was satisfied with the internal processes run by management and their response to challenge by the external auditor.

The ARC carried out a review of the effectiveness of the external auditor and the external audit process during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of the Group's external auditor and the external audit process using written survey questionnaires, which were completed by members of the ARC, the executive directors and relevant members of senior management. The results of the evaluation were shared with the ARC and the external auditor.

Following these reviews and meetings, and after debate and discussion, the ARC was satisfied with Deloitte's performance during the year, that it was objective and independent, and that the external audit process remains effective, with no major issues identified. The ARC has recommended to the Board that a resolution proposing the appointment of Deloitte be put to shareholders at the 2022 AGM.

Internal audit

At the beginning of each year, an internal audit plan is developed by the internal auditor following meetings with directors and senior managers within the business and with reference to the significant risks contained within the Group's risk register and identified controls. The ARC approves the internal audit plan for the first half of the year at the beginning of the year and the plan for the second half of the year at the June ARC meeting. The ARC receives updates on progress against the plan and the recommendations arising from the internal audits throughout the year, together with updates on management's progress against outstanding actions. The ARC held meetings with the internal auditor in the absence of management to discuss the internal audit findings and processes.

The ARC carried out a review of the effectiveness of the internal audit function and the Company's risk management and internal control systems during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of these matters using written survey questionnaires, which were completed by members of the ARC, the executive directors and relevant members of senior management. The results of the evaluation were shared with the ARC and the internal auditor.

Following these reviews and meetings, the ARC was satisfied that the internal audit function was performing in an effective manner and that the Company's risk management and internal control systems were effective, with no major issues identified.

Audit and Risk Committee evaluation

The ARC carried out a review of the performance and effectiveness of the ARC during the year, led by the Chair of the ARC. This review included an internally facilitated detailed and comprehensive evaluation of the performance and effectiveness of the ARC using written survey questionnaires, which were completed by members of the ARC and the Company Secretary. The results of the evaluation were shared with the ARC. Overall, the review found that the ARC was functioning in an effective manner and performing satisfactorily, with no major issues identified.

Nick Wharton
Chair of the Audit and Risk Committee
29 March 2022

Directors' Remuneration Report
Remuneration Committee – Chair's Statement

Introduction
On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 January 2022, which sets out the Directors' Remuneration Policy and the Annual Report on Remuneration.

The current Directors' Remuneration Policy was approved by a binding vote at the 2020 AGM and became effective for three years from the close of that meeting. For ease of reference, we are including the Remuneration Policy in this year's Directors' Remuneration Report on pages 96 to 109. The Annual Report on Remuneration on pages 79 to 95 provides details of the amounts earned by the directors in respect of the year ended 30 January 2022 and how the Remuneration Policy will be operated for the year commencing 31 January 2022. The Annual Report on Remuneration will be subject to an advisory vote at the 2022 AGM.

I am delighted to report on the ongoing strong level of support received from shareholders last year, as evidenced by the voting outcome at the 2021 AGM. The resolution seeking approval of the Annual Report on Remuneration was supported by over 95% of the votes cast.

Remuneration in context
Undoubtedly, it must be recognised that the last year has remained very challenging with the evolution of the Covid-19 pandemic, well publicised global supply chain issues and more aggressive rates of cost inflation across all sectors. In this context, the Remuneration Committee has considered the experiences of key stakeholders over the year, as well as overall Group performance, when making executive remuneration decisions in respect of 2021/22 and the forthcoming financial year. We have outlined below the key drivers of our decisions:

Group performance
- The Group has performed well throughout the 2021/22 year and delivered profit before tax and exceptional items of £41.5m, an increase of 26.5% on the prior year.
- Revenue increased by 18% to £268.6m, exceeding the pre-pandemic revenue in 2019/20 of £256m.
- Strong cash management ensured that the Group exited the financial year with net cash at bank* of £68.4m.

Shareholder experience
- The Group reintroduced dividends for shareholders with an interim dividend of 2p per share plus a special dividend of 10p per share paid in October 2021. There is a proposed final dividend for the 2021/22 financial year of 10p.
- The share price at the end of the financial year of £4.95 was similar to the start of the year, reflecting the ongoing uncertainty in the financial markets associated with the Covid-19 pandemic and wider economic uncertainties.
- The Group made encouraging progress in its No Time To Waste environmental sustainability programme.

Employee experience
- The Group continued production across its facilities under ongoing Covid-19 protocols.
- No employees were furloughed during the financial year.
- The Group paid bonuses for the 2020/21 financial year to employees based on strong individual performance through the challenging period of the Covid-19 pandemic. The executive directors waived their earned bonuses for the 2020/21 financial year.
- Increased levels of employee engagement have been introduced to support employees who continue to work from home, focused particularly on mental wellbeing.

Customer experience
- Strong support provided to the Group's customers notwithstanding the volatile market backdrop and global supply chain issues.

Government support
- No further Government support was taken during the financial year.

Pay for performance in 2021/22
The Remuneration Committee remains committed to a responsible approach to executive pay and believes that variable pay should only be earned for achievement against stretching targets.

Achievement against annual bonus targets – full bonus paid for exceptional performance

The executive directors were set stretching targets for profit before tax ("PBT"), which account for 80% of bonus opportunity for each director. The PBT target range of £31m to £36m (for the 53 week period) reflected the ambitions for growth of the business set against challenging external conditions, including the ongoing impact of the Covid-19 pandemic. By meeting and overcoming these external challenges, the executive directors delivered strong growth in revenue and achieved PBT of £41.5m, £5.5m above the maximum bonus target. As a result, the Remuneration Committee decided to award a full bonus for the PBT portion of the bonus.

Each of the executive directors was also set stretching individual strategic objectives tailored to their role and responsibilities, which account for 20% of bonus opportunity for each director. The Remuneration Committee reviewed each of the directors' strategic objectives in turn, to fully understand the extent to which each strategic objective had been achieved. Given the fast changing environment in which the Company operated during 2021, a number of the set strategic objectives were adapted or substituted by other objectives which increased in importance. Where this occurred, the Remuneration Committee has reviewed progress across all strategic objectives applicable in the year. The Remuneration Committee was satisfied that strong progress had been achieved by each of the executive directors towards their strategic objectives and agreed to award a full bonus for each director related to directors' strategic objectives.

Reflective of a very strong performance, each of the directors will be awarded a full bonus for the 2021/22 financial year, being 125% of basic salary. Further details can be found on pages 81 and 82.

* This is a non-GAAP measure. A definition and reconciliation are provided in the Glossary on pages 188 to 191.

Achievement against Long Term Incentive Plan ("LTIP") targets – 2019 LTIP awards lapse in full
The 2019 LTIP used the key metric of cumulative Earnings Per Share ("EPS") to assess the long-term performance of the executive directors. The cumulative EPS over the three years ended 30 January 2022 was 72.73p, which compared to the EPS target range set in April 2019 of 95.0p to 110.0p. The under performance against the targets set reflect the challenges faced by the Company in 2019/20 and the impact of Covid-19 during 2020/21 and 2021/22. The outcome of an LTIP granted in April 2019 given this backdrop is consistent with the fact that no bonuses were paid to the directors for 2019/20 and 2020/21. Given this outcome, the Remuneration Committee concluded that none of the 2019 LTIP awards will vest and these awards will lapse in full according to the rules. Further details can be found on page 83.

I can confirm that no discretion has been exercised in respect of the executives' pay during the 2021/22 period and the Committee is confident that the Remuneration Policy has operated as intended during the year.

Review of outcomes in relation to wider Company performance and stakeholder experience
The Remuneration Committee concluded that in light of both wider business performance and stakeholder experience outlined above, the decision to award full bonus to directors for the financial year combined with the decision that the 2019 LTIP will lapse in full were fair and appropriate.

Other pay decisions in respect of 2021/22

Set out below are the other decisions made during the year in respect of remuneration.

Base salary increases – in line with wider workforce
The Remuneration Committee reviewed executive director salaries during the year and awarded increases of 1.8% in line with the increases awarded to the wider workforce.

LTIP awards – awards granted based on stretching Net Revenue growth targets
As disclosed in last year's report, in the context of the Covid-19 pandemic and the associated economic uncertainty, the Remuneration Committee decided that it would be appropriate to make a one-off change to the performance measures attached to LTIP awards in 2021 to base the awards solely on the revenue recovery strategy agreed with the executive team. The logic for this was based on future growth in revenue being vital to the long term fortunes of the business and its stakeholders, which will deliver strong operating cashflows and allow the business to continue to invest in the future.

Based on 2020/21 revenue performance and with appropriate account taken of the removal of the Rockstar contract, the Remuneration Committee established stretching Net Revenue performance targets which require significant growth in Net Revenue over the three year vesting period. Net Revenue targets were set for each of the three financial years: 2021/22, 2022/23 and 2023/24. There is a strong correlation between revenue and profits in the Company given its FMCG sector traits and the Remuneration Committee views the incentivisation of strong revenue growth as key to delivering improving earnings for shareholders in the long term.

The Remuneration Committee also considered the significant uncertainty in the market and the potential for movements in Total Shareholder Return ("TSR") unrelated to Company performance in deciding not to implement the relative TSR measure (vs FTSE 250 excluding financial services) for these awards.

These awards were granted on 12 April 2021 at a value equal to 150% of base salary, consistent with the normal maximum opportunity under the Remuneration Policy introduced in 2020. The targets are set out on page 84.

Employee engagement

The Remuneration Committee recognises the importance of culture and effective employee engagement in the creation of a good workplace. The Board's role is to ensure that effective processes and procedures are in place for gathering workforce views and engaging in meaningful dialogue with employees. The Board receives regular updates on workforce engagement throughout the year. Further information on employee engagement is included in the Corporate Governance Report on pages 65 and 66.

Looking forward – implementation of Remuneration Policy for 2022/23

Set out below are the decisions anticipated to be made during 2022/23 in implementing the Remuneration Policy.

Base salary – workforce level increases
In line with the range of salary increases across the Group, and to reflect the commitment and effort of our executive directors, an increase of 3.0% will be made to the executive directors' base salaries with effect from 1 April 2022. An increase of 3.0% will also be made to the Chairman's fee and the other non-executive directors' basic fee with effect from 1 April 2022.

Annual Bonus – to be operated in line with Remuneration Policy
The Remuneration Committee intends to operate the bonus scheme for the year ending 29 January 2023 in line with the Remuneration Policy, subject to an ongoing review of the uncertainties of the Covid-19 pandemic, with awards continuing to be subject to a combination of PBT and individual strategic objectives.

Details of bonus award levels and performance measure weightings are provided on page 82. Performance targets for these bonus awards will be disclosed in the Annual Report on Remuneration for the year ending 29 January 2023.

Directors' Remuneration Report continued

LTIP – awards at normal level of opportunity with targets based on EPS, TSR and Environmental Sustainability measures

In line with the Remuneration Policy, the Remuneration Committee intends to grant LTIP awards at the normal maximum opportunity of 150% of base salary in April this year. These LTIP awards will be assessed over the following three years based on stretching targets set across three performance measures: EPS, TSR and Environmental Sustainability.

EPS is a key performance indicator for the Company and shareholders, and remains a highly credible measure of long term performance. Significant uncertainty for UK focused consumer goods businesses remains, therefore setting a three-year forward looking cumulative EPS target is challenging. However, the Remuneration Committee is confident that the target range selected is appropriately stretching and will help the Group drive growth in shareholder earnings. The EPS targets have been set specifically not taking into account the future impact of the introduction of the Deposit Return Scheme ("DRS") in Scotland from August 2023. The overall impact of the DRS is very challenging to assess with acceptable accuracy at this early stage. The Remuneration Committee has resolved to monitor the impact of the DRS post its implementation with the expectation that the EPS targets set in 2022 will be adjusted during the vesting period to enable the DRS impact to be included in the targets prior to the vesting date.

TSR is a relative performance measure which creates strong alignment between the executive directors and shareholders. As for the LTIP awards granted in 2020, the TSR performance of the Company will be compared over the three years to the TSR of the FTSE 250 index (excluding financial services).

Following full discussion, the Remuneration Committee believes that environmental sustainability is important to the long term success of the business and the executive directors' remuneration should be related to their performance in this area. A new performance measure will therefore be introduced for the 2022 LTIP awards based on environmental sustainability targets.

Details of the 2022 LTIP awards are provided on page 84. Details of the performance targets set for the 2022 LTIP awards will be disclosed in the Annual Report on Remuneration for the year ending 29 January 2023.

I look forward to your support at the upcoming AGM.

David J. Ritchie
Chair of the Remuneration Committee
29 March 2022

Annual report on remuneration

The following parts of the Remuneration Report are subject to audit, other than the elements explaining the application of the Remuneration Policy for 2022/23.

Single figure table – audited information

The aggregate remuneration provided to directors who have served as directors in the year ended 30 January 2022 is set out below, along with the aggregate remuneration provided to such directors for the year ended 24 January 2021.

Director	Jan 22 Salary/ fees £000	Jan 21 Salary/ fees £000	Jan 22 Benefits £000	Jan 21 Benefits £000	Jan 22 Bonus £000	Jan 21 Bonus £000	Jan 22 Long term incentives £000	Jan 21 Long term incentives £000	Jan 22 Pension £000	Jan 21 Pension £000	Jan 22 Total fixed remuneration £000	Jan 21 Total fixed remuneration £000	Jan 22 Total variable remuneration £000	Jan 21 Total variable remuneration £000	Jan 22 Total remuneration £000	Jan 21 Total remuneration £000
Executive																
R.A. White	487	451	39	33	599	–	–	–	167	226	693	710	599	–	1,292	710
S. Lorimer	335	280	18	26	412	–	–	–	68	59	421	365	412	–	833	365
J.D. Kemp	251	236	23	24	314	–	–	–	42	63	316	323	314	–	630	323
Non-executive																
J.R. Nicolson	147	138	–	–	–	–	–	–	–	–	147	138	–	–	147	138
M. Allen*	29	–	–	–	–	–	–	–	–	–	29	–	–	–	29	–
W.R.G. Barr	50	47	–	–	–	–	–	–	–	–	50	47	–	–	50	47
S.V. Barratt	52	48	–	–	–	–	–	–	–	–	52	48	–	–	52	48
M.A. Griffiths**	–	14	–	–	–	–	–	–	–	–	–	14	–	–	–	14
Z.L. Howorth*	29	–	–	–	–	–	–	–	–	–	29	–	–	–	29	–
P. Powell***	21	47	–	–	–	–	–	–	–	–	21	47	–	–	21	47
D.J. Ritchie	58	54	–	–	–	–	–	–	–	–	58	54	–	–	58	54
N.B.E. Wharton	58	52	–	–	–	–	–	–	–	–	58	52	–	–	58	52
Total	**1,517**	**1,367**	**80**	**83**	**1,325**	**–**	**–**	**–**	**277**	**348**	**1,874**	**1,798**	**1,325**	**–**	**3,199**	**1,798**

* M. Allen and Z.L. Howorth were appointed to the Board on 1 July 2021. The remuneration above was paid in respect of their services from that date.
** M.A. Griffiths stepped down from the Board on 30 April 2020. The remuneration above was paid in respect of his services until that date.
*** P. Powell stepped down from the Board on 1 July 2021. The remuneration above was paid in respect of her services until that date.

Directors' Remuneration Report continued

The figures in the single figure table on the previous page are derived from the following:

(a) Salary and fees	The amount of salary/fees received in the year. A salary sacrifice arrangement is operated by the Company. Employees who join this arrangement no longer pay contributions to the pension scheme but receive a lower taxable salary. Directors' salaries are shown gross of any salary sacrifice pension contributions.
(b) Benefits	The value of benefits received in the year. These include car allowance, fuel benefit, private medical insurance, healthcare cash plan, flex-cash, the value of SAYE options vesting in the year, and AESOP free and matching shares awarded in the year. SAYE: option shares are valued at the market price of the option shares at the date of vesting less the option exercise price. AESOP: free and matching shares are valued at market value at the date of award. Details of the executive directors' interests in the SAYE are set out on page 95.
(c) Bonus	A description of the annual bonus in respect of the year and Group and personal performance against which the bonus pay-out was determined is provided on page 82.
(d) Long term incentives	The value of LTIP awards that vest in respect of the year. Details of the executive directors' interests in the LTIP are set out on page 94.
(e) Pension	The pension figure includes: – pension cash alternatives equal to the executive directors' contractual pension provision; – for individuals in the 2008 Scheme's defined benefit section, the additional value accrued in the year calculated using the HMRC method (using a multiplier of 20); and – the value of the accrued liability for the year in respect of the Company's contribution for each director participating in the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ("URBS"). Further details of pension benefits are set out on pages 84 and 85.

Individual elements of remuneration

Base salary and fees

Base salaries for individual executive directors for the year ended 30 January 2022 and for the following year are set out in the table below:

Executive director	Base salary for year ended 30 January 2022 £000	Base salary for year ending 29 January 2023 £000	Increase %
R.A. White	479	493	3.0%
S. Lorimer	330	339	3.0%
J.D. Kemp	251	258	3.0%

Details of non-executive directors' fees for the year ended 30 January 2022 and for the following year are set out in the table below:

Non-executive director fee	Year ended 30 January 2022 £000	Year ending 29 January 2023 £000	Increase %
Chairman of the Company*	147	158	8.4%
Basic fee	50	51	3.0%
Additional fee for chairing Audit and Risk Committee	8	8	-%
Additional fee for chairing Remuneration Committee	8	8	-%
Additional fee for Senior Independent Director	2	2	-%

* A market review of the Chair's fees took place as part of the recruitment process for a new Chair of the Company, with the result that M. Allen's fees as Chair will be £160k from the date he succeeds J.R. Nicolson as Chair, prior to the 2022 AGM.

Benefits – audited information

The benefits figure for each of the executive directors is detailed as follows:

Year ended 30 January 2022

Executive director	Car and fuel benefit £000	Other* £000	AESOP awards £000	Total £000
R.A. White	37	1	1	39
S. Lorimer	16	1	1	18
J.D. Kemp	21	1	1	23
Total	**74**	**3**	**3**	**80**

* Other costs included private medical insurance, healthcare cash plan and flex-cash as they are below £1,000 separately

The value of the AESOP awards is the sum of the AESOP free and matching shares awarded to the directors in the year.

Annual bonus

The maximum annual bonus award opportunity for each executive director in respect of the year ended 30 January 2022 was 125% of salary, with 80% of the bonus assessed against the achievement of Group profit before tax, excluding exceptional items, compared against a set of profit targets and 20% based on strategic objectives. The executive directors earned a total of £1.3m as annual bonus for the year, representing 125% of R.A. White's salary, 125% of S. Lorimer's salary and 125% of J.D. Kemp's salary. 20% of the bonus will be deferred into shares for two years and subject to malus and clawback provisions, as set out in the Remuneration Policy.

The target for the annual bonus based on profit before tax and performance against that target is set out in the table below. 50% of this element of the bonus could be earned for on-target performance with zero paid for threshold performance and a broadly linear scale through to full payment of this element of the bonus for performance at or above the maximum target.

Directors' Remuneration Report continued

	Threshold target	On target	Maximum target	Actual performance	Maximum opportunity percentage of bonus	Actual pay-out percentage of bonus
Profit before tax excluding exceptional items	£31.0m	£33.5m	£36.0m	£41.5m	80%	80%

Strategic objectives for the year ended 30 January 2022 account for 20% of the bonus and targets were set around the Company's key areas of strategic focus at the start of the financial year. Details of the strategic objectives for the year ended 30 January 2022 and the Committee's determination of performance against them is set out in the table below.

Given the fast changing environment in which the Company operated during 2021, a number of the set strategic objectives were adapted or substituted by other objectives which increased in importance. Where this occurred, the Remuneration Committee has reviewed progress across all strategic objectives applicable in the year. The Remuneration Committee was satisfied that each of the executive directors had performed strongly against their strategic objectives. Following full discussion and debate, the Remuneration Committee concluded that all of the executive directors had earned this element of the bonus in full.

Measure	Weighting	Pay-out
R.A. White	20%	20%
Develop a key brand growth objective		
Deliver an environmental sustainability objective		
Deliver an objective relating to M&A		
Deliver a succession planning objective		
S. Lorimer	20%	20%
Deliver an objective related to the impact of technology on the Group		
Deliver the supply chain excellence programme		
Deliver a capital structure optimisation objective		
Deliver an objective related to the strategic commercial plan		
J.D. Kemp	20%	20%
Deliver a key brand growth objective		
Deliver a key innovation objective		
Deliver a key commercial project		
Deliver an objective relating to environmental sustainability		

Annual bonus for 2022/23

For the 2022/23 financial year 80% of bonus potential will be assessed against growth in Group profit before tax excluding exceptional items, which is an important indicator of the success of the Company's strategy. Performance targets will be set at challenging levels, with 50% of this element of the annual bonus being earned for on-target performance. The remainder of the annual bonus (20% of bonus potential) will be assessed against individual strategic objectives to align the reward structure with key strategic priorities and to encourage behaviours which facilitate profitable growth and the future development of the business. The actual performance targets are not disclosed as they are considered to be commercially sensitive at this time and should therefore remain confidential to the Company. The Remuneration Committee will continue to disclose how the bonus earned relates to performance against the targets on a retrospective basis meaning this information will be disclosed in the Annual Report on Remuneration for the year ending 29 January 2023.

Long term incentives – audited information

Awards vesting in respect of the financial period

LTIP awards granted in April 2019 were subject to the following EPS performance measure:

	% of maximum opportunity	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award	Actual cumulative EPS for period
Cumulative EPS for the period including 2019/20, 2020/21 and 2021/22	100%	95.0p	110.0p	72.73p

The salary used in the calculation of the award is the individual director's salary at 1 April 2019.

Details of LTIP awards vesting in respect of the financial period are set out below:

Year ended 30 January 2022

Executive director	Total shares Number	Vesting (% of maximum opportunity) %	Shares awarded Number	Share price** £	LTIP value £000
R.A. White	72,686	0%	–	–	–
S. Lorimer	42,946	0%	–	–	–
J.D. Kemp	38,114	0%	–	–	–
Total	**153,746**		**–**		**–**

The ESOS award was granted in April 2019 and is subject to the same performance measures as the LTIP awards granted in April 2019, as set out above. Details of ESOS awards vesting in respect of the financial period are set out below:

Year ended 30 January 2022

Executive director	Total shares Number	Vesting* (% of maximum opportunity) %	Shares awarded Number	Share price** £	ESOS value £000
S. Lorimer	2,222	0%	–	–	–
Total	**2,222**		**–**		**–**

* Based on cumulative EPS of 72.73p for the three years ended 30 January 2022.
** No share price has been provided as there is no vesting.

Awards granted during the financial period

During the year ended 30 January 2022 the following LTIP awards were granted equating to 150% of salary:

Executive director	Type of award	Number of shares	Share price at grant	Market value at grant £000	% of award vesting at threshold %	Performance period Years (ends 28 January 2024)
R.A. White	LTIP award – nil cost option	143,337	503p	721	20.0	3
S. Lorimer	LTIP award – nil cost option	98,663	503p	496	20.0	3
J.D. Kemp	LTIP award – nil cost option	75,161	503p	378	20.0	3

The share price at grant is the five day average of the middle-market closing share prices preceding the date of grant rounded down.

Directors' Remuneration Report continued

The salary used in the calculation of the award is the individual director's salary at 1 April 2021.

Vesting of the LTIP awards granted in the year ended 30 January 2022 will be based 100% on the net revenue targets set out below for each of the three financial years: 2021/22, 2022/23 and 2023/24. The targets operate discretely and are assessed for each of the three years, such that a proportion of the one third award allocated will be earned or not for each year. Although performance against the relevant net revenue target is assessed each year, the Remuneration Committee will not determine the final outcome until the end of the third year taking performance over the whole three year period into consideration.

Net revenue performance targets:

	% of maximum opportunity	Threshold vesting at 20% of the maximum award	Maximum vesting at 100% of the maximum award	Actual net revenue for period
Net revenue (£m) for the period ended 2021/22	33%	220	230	268.6
Net revenue (£m) for the period ended 2022/23	33%	225	235	–
Net revenue (£m) for the period ended 2023/24	33%	230	250	–

There is straight-line vesting between these points and no reward below threshold net revenue performance.

Long term incentives for 2022/23
LTIP awards granted in 2022 will be granted with a maximum opportunity of 150% of basic salary for the executive directors. These LTIP awards will be based 60% on a cumulative EPS performance measure, 30% on a relative TSR performance measure and 10% on an Environmental Sustainability performance measure for 2022/23, 2023/24 and 2024/25.

EPS is a key performance indicator for the Company and shareholders, and remains a highly credible measure of long term performance.

TSR is a relative performance measure which creates strong alignment between the executive directors and shareholders. The TSR performance of the Company will be compared over the three years to the TSR of the FTSE 250 index (excluding financial services). 20% of the maximum award will vest for achieving threshold performance and 100% of the maximum award will vest for achieving maximum performance. There will be straight-line vesting between the points and no vesting below threshold performance.

A new performance measure will be introduced for the 2022 LTIP awards based around the Group's No Time To Waste environmental sustainability programme.

The EPS targets are considered commercially sensitive at this time on the basis that they give competitors insight into the Company's longer term forecasts which the Board considers confidential. The EPS targets will be disclosed in next year's Annual Report on Remuneration. Significant uncertainty for UK focused consumer group businessess remains, therefore setting a three year forward looking cumulative EPS target is challenging. However, the Remuneration Committee is confident that the target range selected is appropriately stretching and will help the Group drive growth in shareholder earnings. The EPS targets have been set specifically not taking into account the future impact of the introduction of the Deposit Return Scheme ("DRS") in Scotland from August 2023. The overall impact of the DRS is very challenging to assess with acceptable accuracy at this early stage. The Remuneration Committee has resolved to monitor the impact of the DRS post its implementation with the expectation that the EPS targets set in 2022 will be adjusted during the vesting period to enable the DRS impact to be included in the targets prior to the vesting date.

Total pension entitlements – audited information

Executive directors are all members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the "2008 Scheme") or the A.G. Barr Retirement Plan. The 2008 Scheme has a defined benefit section and a defined contribution section. The defined benefit section was closed to new entrants from 14 August 2003 and to future accrual from 1 May 2016. All assets held in the defined contribution section of the 2008 Scheme were transferred to the A.G. Barr Retirement Plan in September 2021. R.A. White is a deferred member of the defined benefit section of the 2008 Scheme and ceased his accrual on 5 April 2011.

The movement in value of executive director pensions (which exclude any pension contributions made in respect of an individual under the Company's salary sacrifice arrangement) are detailed in the following table. This movement is made up of Company pension contributions, changes in the value of defined benefit pension scheme accrual and pension cash equivalents:

Year ended 30 January 2022

Executive director	Defined benefit accrual £000	Pension cash equivalent £000	Total £000
R.A. White	66	101	167
S. Lorimer	–	68	68
J.D. Kemp	–	42	42
Total	**66**	**211**	**277**

Details of the entitlements accruing to the director who is a deferred member of the defined benefit section are detailed in the table below:

	Accrued pension at 30 January 2022 £000	Normal retirement age
R.A. White	82	63*

* The normal retirement age specified in the 2008 Scheme rules for R.A. White is age 63, however he is also entitled under the 2008 Scheme rules to retire at age 60 without an actuarial reduction to his pension benefits and without any consent required.

Early retirement can be taken at age 55 subject to Trustee consent. The accrued pension would be reduced relative to age 60 to take account of its early payment.

R.A. White ceased his accrual under the defined benefit plan on 5 April 2011. Under the terms of his service contract, R.A. White is entitled to revaluation of his deferred benefits in line with RPI until his normal retirement date. The rules of the 2008 Scheme provide for revaluation increases in deferment in line with CPI. R.A. White elected for Fixed Protection 2012 to protect his benefits accrued under the 2008 Scheme. To enable R.A. White to continue to benefit from Fixed Protection 2012, his deferred benefits were re-valued in line with CPI and, to the extent that RPI exceeds CPI in any year, a corresponding additional contribution was made to his URBS. R.A. White withdrew from the URBS scheme during the year ended 24 January 2021 and any additional contributions accruing since then have been paid to R.A. White in cash. In addition, R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the 2008 Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a "good leaver".

Dependants of the executive directors are eligible for dependants' pensions and the payment of a lump sum in the event of death in service. Where the 2008 Scheme provides a pension on a defined benefit basis, final pensionable salary is used to determine the director's pension entitlement. Where benefits are provided on a defined contribution basis, the benefits depend on the director's accumulated fund.
Lump sum life assurance cover is provided at five or eight times pensionable salary dependent upon the date of joining the 2008 Scheme.

Directors' Remuneration Report continued

No contributions were paid to the defined contribution section of the 2008 Scheme or the A.G. Barr Retirement Plan during the years ended 30 January 2022 and 24 January 2021.

The URBS was approved by the Remuneration Committee and is an unfunded employer financed retirement benefits scheme. It was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of the executive directors. During the year ended 24 January 2021, R.A. White and J.D. Kemp terminated their respective URBS arrangements with the agreement of the Company and withdrew their funds.

The maximum Company contribution under the URBS in respect of R.A. White was 24% of his salary.

All directors have now elected to receive Company pension contributions in the form of a cash allowance and no longer participate in the URBS. R.A. White and S. Lorimer receive a cash allowance equal to their contractual pension provision of 24% of salary. J.D. Kemp receives a cash allowance equal to his contractual pension provision of 19% of salary, which will rise to 24% of salary following his 50th birthday.

Payments to past directors – audited information
There were no payments made to past directors during the year in respect of services provided to the Company as a director.

Payments for loss of office – audited information
No payments for loss of office were made during the year.

Statement of directors' shareholding and share interests – audited information
The Remuneration Committee updated its share ownership guidelines applicable from 2020/21 and the CEO and other executive directors are required to build a shareholding equal to 200% and 150% of gross basic salary respectively. Until this guideline is met, executive directors are required to retain all vested shares from the LTIP and half of any bonus pay-out after tax to purchase shares in the Company. The full policy is disclosed in the Remuneration Policy approved by shareholders at the 2020 AGM.

At the year end, R.A. White and J.D. Kemp met the respective 200% and 150% of gross basic salary requirement applicable for the year ended 30 January 2022, with shareholdings equal to 387% and 307% of gross basic salary as at 30 January 2022 respectively. S. Lorimer was appointed to the Board on 5 January 2015 and is currently required to build up a shareholding equal to 150% of his gross basic salary. S. Lorimer's shareholding was equal to 76% of gross basic salary as at 30 January 2022. In accordance with the Remuneration Policy, S. Lorimer is required to retain all net shares (after tax) acquired from the exercise of LTIP awards and half of his net bonus pay-out (after tax) to purchase shares in the Company; the latter requirement will be net of the 20% of S Lorimer's bonus which will be deferred into shares for two years referred to above.

The interests of each executive director of the Company as at 30 January 2022 (including those held by their connected persons) were as set out below. There were no changes to these interests between 30 January 2022 and 28 March 2022 with the exception of the following changes: an increase in R.A. White's holding of 90 shares, an increase in S. Lorimer's holding of 90 shares and an increase in J.D. Kemp's holding of 90 shares.

Director	Type	Owned outright	Exercised during the year	Lapsed during the year	Unvested: Subject to performance conditions	Unvested: Not subject to performance conditions	Total as at 30 January 2022
Executive							
R.A. White	Shares	375,862	–	–	–	–	375,862
	LTIP share options	–	–	(91,305)	349,922	–	349,922
	ESOS share options	–	–	(1,890)	–	–	–
	SAYE options	–	–	(4,564)	–	3,925	3,925
	AESOP matching shares	–	173	–	–	707	707
S. Lorimer	Shares	50,668	–	–	–	–	50,668
	LTIP share options	–	–	(53,946)	233,783	–	233,783
	ESOS share options	–	–	–	2,222	–	2,222
	SAYE options	–	–	(4,812)	–	3,925	3,925
	AESOP matching shares	–	172	–	–	706	706
	Shares – connected persons' holding*	–	–	–	–	–	655,326
J.D. Kemp	Shares	156,038	–	–	–	–	156,038
	LTIP share options	–	–	(47,877)	183,494	–	183,494
	ESOS share options	–	–	(1,890)	-	–	–
	SAYE options	–	–	(4,660)	–	3,925	3,925
	AESOP matching shares	–	173	–	–	707	707
Non-executive							
W.R.G. Barr	Shares	7,516,326	–	–	–	–	7,516,326
	Shares – connected persons' holding**	–	–	–	–	–	9,460,507
J.R. Nicolson	Shares	11,500	–	–	–	–	11,500
D.J. Ritchie	Shares	1,000	–	–	–	–	1,000
N.B.E. Wharton	Shares	1,597	–	–	–	–	1,597
Z.L. Howorth	Shares	5,631	–	–	–	–	5,631
M. Allen	Shares	10,000	–	–	–	–	10,000

* S. Lorimer's connected persons' shareholding includes shares related to his position as director of Robert Barr Ltd, the trustee of various employee benefit trusts.
** W.R.G. Barr's connected persons' shareholding includes shares related to his position as trustee of various family and charitable trusts.

The "Owned outright" shares set out in the table above are the shares owned outright by the directors. These include any AESOP free shares awarded during the year and any shares retained during the year following the exercise of LTIP awards, ESOS awards and SAYE options.

The number of AESOP free shares awarded and share options exercised under the LTIP, ESOS and SAYE in the year are included in the "Exercised during the year" column.

Directors' Remuneration Report continued

The table below shows the directors' total shareholdings split between those with and without performance conditions. The non-executive directors' shareholdings above are all shares with no performance conditions.

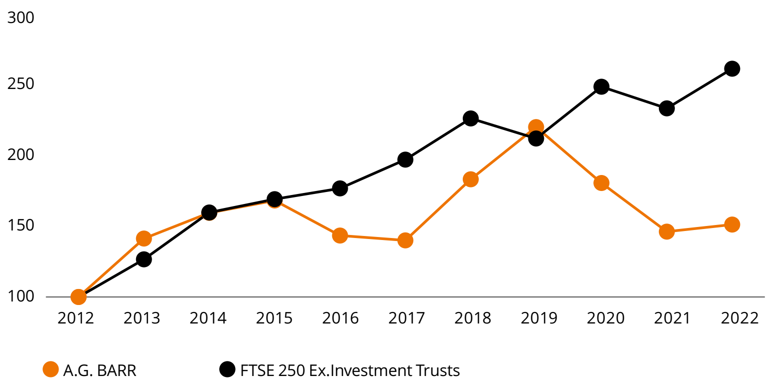
Executive director	Shares – no performance conditions	Share options – performance conditions	Share options – no performance conditions	Total shares/ share options
R.A. White	375,862	349,922	3,925	730,416
S. Lorimer	51,374	236,005	3,925	291,304
J.D. Kemp	156,745	183,494	3,925	344,164

There were no shares vested and unexercised as at 30 January 2022.

The following sections of the Remuneration Report are not subject to audit.

Performance graph and table

The graph below shows the Company's Total Shareholder Return ("TSR") performance against the FTSE 250 excluding investment trusts over the past ten years. In the opinion of the Board, the FTSE 250 excluding investment trusts is the most appropriate index against which the TSR of the Company should be measured because it represents a broad equity market index of which the Company is a past constituent member and reflects the Company's scale and complexity of operations.



CEO remuneration for previous ten years

The table below shows details of the total remuneration, annual bonus and LTIP paid out for R.A. White over the last ten financial years:

	Total remuneration* £000	Annual bonus as a % of maximum opportunity	LTIP as a % of maximum opportunity
Year ended 30 January 2022	1,292	100.0%	0.0%
Year ended 24 January 2021	710	0.0%	0.0%
Year ended 25 January 2020	739	0.0%	0.0%
Year ended 26 January 2019	1,434	91.0%	39.9%
Year ended 27 January 2018	1,279	78.0%	22.8%
Year ended 28 January 2017	915	23.0%	40.0%
Year ended 30 January 2016	839	0.0%	37.9%
Year ended 25 January 2015	1,075	75.5%	31.9%
Year ended 26 January 2014	989	57.8%	38.2%
Year ended 27 January 2013	1,086	50.0%	68.5%

Percentage change in director remuneration

The table below sets out, in relation to salary, taxable benefits (car allowance, fuel benefit) and annual bonus, the increase between the pay for the year ended 24 January 2021 and the pay for the year ended 30 January 2022 for the executive and non-executive directors compared to the wider workforce. For these purposes, the wider workforce includes all Group employees who were continuously employed by the Group during the two years ended 30 January 2022 but excludes executive and non-executive directors. The salaries for the financial year ended 24 January 2021 reflect the salary reduction of 20% accepted by the directors and non-executive directors for three months during the initial Covid lockdown period.

Year ended 30 January 2022

	Salary Jan 22*	Benefits Jan 22	Annual bonus Jan 22	Salary Jan 21	Benefits Jan 21	Annual bonus
R.A. White	8.0%	21.2%	100.0%	(4.3%)	(8.5%)	-%
S. Lorimer	19.5%	(30.8%)	100.0%	0.8%	4.4%	-%
J.D. Kemp	6.5%	(4.2%)	100.0%	(4.4%)	-%	-%
J.R. Nicolson	6.8%	-%	-%	(5.0%)	-%	-%
M. Allen	100.0%	-%	-%	-%	-%	-%
W.R.G. Barr	6.8%	-%	-%	(5.0%)	-%	-%
S.V. Barratt	7.4%	-%	-%	(1.7%)	-%	-%
Z.L. Howorth	100.0%	-%	-%	-%	-%	-%
D.J. Ritchie	6.6%	-%	-%	(5.0%)	-%	-%
N.B.E. Wharton	10.4%	-%	-%	6.7%	-%	-%
Wider workforce	1.8%	-%	307.0%**	-%	-%	100.0%***

* The annual percentage change in salary is calculated by reference to actual salary paid for the financial year ended 30 January 2022 compared to financial year ended 24 January 2021. The salaries for the financial year ended 24 January 2021 reflect the salary reduction of 20% accepted by the directors and non-executive directors for three months during the initial Covid lockdown period.

** In the year to 24 January 2021 an annual bonus was paid to the wider workforce and, as referred to above, was earned but waived by the executive directors.

*** No annual bonus was paid to the executive directors or the wider workforce in respect of the year to 25 January 2020. In respect of the year to 24 January 2021 an annual bonus was paid to the wider workforce and was earned but waived by the executive directors.

Directors' Remuneration Report continued

CEO Pay Ratio

The table below sets out the ratio of the A.G. BARR p.l.c. CEO single total figure of remuneration for 2021 (as detailed on page 79) as a ratio of the equivalent single figure for the lower quartile, median and upper quartile UK employee (calculated on a full-time equivalent basis).

Total pay ratio	Method	25th Percentile	Median Percentile	75th Percentile
Year ended 30 January 2022	B	42:1	34:1	23:1
Year ended 24 January 2021	B	25:1	21:1	16:1
Year ended 25 January 2020	B	27:1	22:1	16:1

As is permitted by the legislation, and consistent with last year, we have calculated the ratio using Option B whereby representative employees are identified using the latest A.G. BARR p.l.c. gender pay gap statistics as this was the most pragmatic approach and believed to produce representative results. A number of employees around the 25th, 50th and 75th percentile were identified and their total pay and benefits calculated to ensure that the most representative employees were selected. Employee pay for the representative employees was calculated on the same basis as the CEO and so includes items such as short-term and long-term incentive payments relating to the financial year ending 30 January 2022. The calculations have assumed that a full-time equivalent week consists of 37.5 working hours.

The regulations require the total pay and benefits and the salary component of total pay and benefits to be set out as follows:

	Base salary	Total pay and benefits
CEO remuneration	£487,000	£1,292,000
25th percentile employee	£20,174	£30,547
Median percentile employee	£30,539	£37,654
75th percentile employee	£35,538	£55,524

A.G. BARR p.l.c.'s principles for pay setting and progression in our wider workforce are the same as for our executives – total reward being sufficiently competitive to attract and retain high calibre individuals without over-paying and providing the opportunity for individual development and career progression. The pay ratios reflect how remuneration arrangements differ as accountability increases for more senior roles within the organisation and in particular the ratios reflect the weighting towards long-term value creation and alignment with shareholder interests for the CEO. We are satisfied that the median pay ratio voluntarily reported this year is consistent with our wider pay, reward and progression policies for employees. The median reference employee has the opportunity for annual pay increases, annual performance payments and career progression and development opportunities.

Relative importance of spend on pay

The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation).

Percentage change	Year ended 24 January 2021 £000	Year ended 30 January 2022 £000	% change
Dividends	-*	13,365	100.0%
Overall expenditure on pay	43,500	45,400	4.4%

* No dividends are payable in respect of the year ended 24 January 2021.

The Remuneration Committee
The following directors were members of the Remuneration Committee during the year: D.J. Ritchie (Chairman), S.V. Barratt, Z.L. Howorth (appointed 1 July 2021) and P. Powell (resigned 1 July 2021).

Whilst J.R. Nicolson is no longer a member of the Remuneration Committee, on some occasions, in his role as Chairman, he is invited to attend the Remuneration Committee meetings and provide guidance on behalf of the Board as required. During the year, the Remuneration Committee received advice from R.A. White (CEO) in respect of the remuneration of the other executive directors, who was not in attendance when his own remuneration was being discussed. The Remuneration Committee received assistance from J.A. Barr (Company Secretary), who acts as secretary to the Remuneration Committee, and from other members of management, who may attend meetings by invitation, except when matters relating to their own remuneration are being discussed.

The Remuneration Committee meets at least twice a year and is responsible for determining, within agreed terms of reference, all aspects of the remuneration of the executive directors, the Executive Committee and such other members of senior management as it is designated to consider. The Remuneration Committee reviews the remuneration trends, pay levels and employment conditions across the Group. The Remuneration Committee is also responsible for determining the remuneration of the Chairman of the Company.

The Remuneration Committee recognises the importance of culture and effective employee engagement in the creation of a good workplace. Workforce engagement sessions are held during the year, led by the Board's designated workforce engagement director. These sessions provide an opportunity to engage with employees on the Company's pay policy for employees and executive directors. The Board receives regular updates on workforce engagement throughout the year. Further information on employee engagement is included in the Corporate Governance Report on pages 65 and 66.

The Remuneration Committee carried out a review of its performance and effectiveness during the year. This review included a detailed and comprehensive evaluation of the performance and effectiveness of the Remuneration Committee using written survey questionnaires, which were completed by members of the Remuneration Committee. The results of the evaluation were shared with the Remuneration Committee. Overall, the review found that the Remuneration Committee was functioning in an effective manner and performing satisfactorily, with no major issues identified.

Key activities in the year
The Remuneration Committee met five times during the financial year. Key activities are shown below:
- Continued to implement the Directors' Remuneration Policy which received strong support from shareholders and was approved at the 2020 AGM;
- Assessed the impact of Covid-19 on how the Directors' Remuneration Policy should be applied during 2021;
- Reviewed remuneration trends, pay levels and employment conditions across the Company;
- Reviewed and set annual salaries for the executive directors and Executive Committee consistent with the wider workforce;
- Set targets for the annual bonus for the executive directors and the Executive Committee;
- Reviewed and approved the grant of LTIP awards to the executive directors and a divisional director;
- Set targets for the LTIP for the executive directors and a divisional director;
- Considered performance measures for the LTIP awards to be granted in the following year;
- Reviewed and set annual fees for the Chairman of the Company;
- Reviewed achievement against targets set and determined the appropriate level of pay-out for the annual bonus for the executive directors and the Executive Committee in the context of wider business performance;
- Reviewed achievement against targets set and determined the appropriate level of pay-out for the LTIP for the executive directors in the context of wider business performance;
- Reviewed and recommended the Directors' Remuneration Report for the year ended 24 January 2021 to the Board for approval;
- Carried out a remuneration adviser tender process and appointed PwC as the Remuneration Committee's adviser;
- Reviewed market and corporate governance updates to ensure the Remuneration Committee remained up to date on the quickly evolving governance landscape and best practice;
- Reviewed the Remuneration Committee's terms of reference; and
- Review the Remuneration Committee's performance and effectiveness during the year.

Directors' Remuneration Report continued

The terms of reference of the Remuneration Committee are available on the Company's website, **www.agbarr.co.uk**.

Remuneration principles

The Remuneration Committees approach to executive director remuneration policy and practices is aligned to the Company's strategic objectives, shareholders interests and the factors set out in Provision 40 of the 2018 UK Corporate Governance Code (the "Code"), with the aim of supporting the Company's strategy and promoting the long term sustainable success of the business.

The table below describes how the Remuneration Committee has addressed each of the factors set out in Provision 40 of the Code.

Factor	How this has been addressed
Clarity and simplicity	The reward framework aims to embed transparency and simplicity in the Directors' Remuneration Policy (the "Policy") and remuneration practices. The Remuneration Committee consults with major shareholders in advance of key proposed changes to executive remuneration, for example when reviewing the Policy, which was approved by shareholders at the 2020 AGM. Feedback from internal stakeholders and comments from the proxy voting agencies were also sought. The Remuneration Committee also engaged with independent external advisers to minimise the risk of any conflicts of interest. The Remuneration Committee strived to create a refreshed Policy which is clear and simple, and aligned to Company culture, values and strategy. It wants participants to be able to understand the Policy and have a clear line of sight between their decisions and behaviours and the effect that these decisions will have on the variable reward outcomes. Equally, it wants to ensure that reward for executive directors is straight forward for both shareholders and the wider workforce to understand. The Policy has been summarised clearly and simply in the Directors' Remuneration Report. The Company engages directly with the wider workforce on their remuneration through a variety of methods, including workforce engagement sessions, regular briefing sessions and the annual employee engagement survey.
Risk	The Remuneration Committee aims to ensure that there is an appropriate balance between risk and reward. The remuneration framework includes various features designed to mitigate reputational, behavioural and other risks, including: – The Policy encourages directors to continue to take a long-term view when making decisions by introducing share deferral for the annual bonus and a holding period for vesting LTIP awards until a shareholding of 300% of salary is reached, increasing the shareholding guideline for all executives, and introducing a post-employment shareholding requirement to ensure that directors' interests continue to be aligned to shareholders even after they have left the business. – The Policy contains malus and clawback provisions which the Remuneration Committee can use in certain prescribed circumstances to recover amounts paid to directors or to cancel any unreleased share awards. – The Remuneration Committee has a broad discretion to alter the formulaic outcomes of the variable rewards to ensure that payments to directors reflect the Company's performance in the round.
Predictability	The Policy sets out the potential award levels and vesting outcomes applicable to the annual bonus and long term incentive arrangements. Incentive awards are capped as a percentage of salary, which reduces the risk of any unanticipated pay outcomes. As set out above, the Remuneration Committee may apply malus, clawback and reasonableness discretion where appropriate.

Factor	How this has been addressed
Proportionality	The Policy was benchmarked against market practice by independent external advisers. Performance conditions for the annual bonus and long term incentive arrangements require a threshold level of performance to be achieved before any pay-out is made. These performance conditions are set with the aim of ensuring that there is a clear link between individual awards and the delivery of the Company's long term strategy and success of the business.
Alignment to culture	The Remuneration Committee is satisfied that the Company's incentive schemes are fit for purpose and continue to be aligned with Company strategy, through choosing performance metrics which reflect the Company's most important KPIs and are aligned with Company purpose, culture and values.

External adviser

During the year, the Remuneration Committee was assisted in its work by the following external consultants:

Adviser	Details of appointment	Services provided by the Adviser	Fees paid by the Company for advice to the Remuneration Committee and basis of charge	Other services provided to the Company in the year ended 30 January 2022
Willis Towers Watson	Appointed by the Remuneration Committee in December 2018 following a competitive tender process.	Assistance with the preparation of the Directors' Remuneration Report. Attendance at Remuneration Committee meetings. Advice on market practice developments in executive pay.	£10,480 Charged on a time/cost basis.	Insurance broking and advisory services. Remuneration advice to management.

The Remuneration Committee is satisfied that all advice received was objective and independent. Willis Towers Watson is a member of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK.

PwC were appointed as the Remuneration Committee's adviser with effect from 7 January 2022, following completion of a remuneration adviser tender process. The Remuneration Committee is satisfied that PwC are objective and independent. PwC is a member of the Remuneration Consultants Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK. No fees were invoiced by PwC during the period.

Statement of voting at last AGM

The following table sets out actual voting in respect of the resolutions to approve the 2020/21 Annual Report on Remuneration at the Company's AGM on 28 May 2021 and the Remuneration Policy at the Company's AGM on 25 June 2020.

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve Annual Report on Remuneration	69,548,252	95.98%	2,912,930	4.02%	3,261,725
Approve Remuneration Policy	64,446,604	91.20%	6,216,945	8.80%	2,039,440

Directors’ Remuneration Report continued

Additional information

Executive directors’ interests in the LTIP

The individual interests of the executive directors under the LTIP are as follows:

LTIP director	Date of award	At 24 January 2021 Number	Awarded Number	Vested Number	Lapsed Number	At 30 January 2022 Number	Exercisable from
R.A. White	03 April 2018	91,305	–	–	(91,305)	–	03 April 2021
	04 April 2019	72,686	–	–	–	72,686	04 April 2022
	02 November 2020	133,899	–	–	–	133,899	02 November 2023
	12 April 2021	–	143,337	–	–	143,337	12 April 2024
S. Lorimer	03 April 2018	53,946	–	–	(53,946)	–	03 April 2021
	04 April 2019	42,946	–	–	–	42,946	04 April 2022
	02 November 2020	92,174	–	–	–	92,174	02 November 2023
	12 April 2021	–	98,663	–	–	98,663	12 April 2024
J.D. Kemp	03 April 2018	47,877	–	–	(47,877)	–	03 April 2021
	04 April 2019	38,114	–	–	–	38,114	04 April 2022
	02 November 2020	70,219	–	–	–	70,219	03 November 2023
	12 April 2021	–	75,161	–	–	75,161	12 April 2024

Executive directors’ interests in the ESOS

The individual interests of the executive directors under the ESOS are as follows:

ESOS director	Date of award	At 24 January 2021 Number	Awarded Number	Vested Number	Lapsed Number	At 30 January 2022 Number	Exercisable from
R.A. White	03 April 2018	1,890	–	–	(1,890)	–	03 April 2021
S. Lorimer	04 April 2019	2,222	–	–	–	2,222	04 April 2022
J.D. Kemp	03 April 2018	1,890	–	–	(1,890)	-	03 April 2021

Executive directors' interests in the SAYE

The individual interests of the executive directors under the SAYE scheme are as follows:

SAYE director	At 24 January 2021 Number	Granted Number	Exercised Number	Lapsed Number	At 30 January 2022 Number	Option price Pence	Exercisable from
R.A. White	3,682	–	–	(3,682)	–	567	01 October 2020
	882	–	–	(882)	–	620	01 July 2021
	–	3,925	–	–	3,925	469	01 July 2024
S. Lorimer	4,232	–	–	(4,232)	–	567	01 October 2020
	580	–	–	(580)	–	620	01 July 2021
	–	3,925	–	–	3,925	469	01 July 2024
J.D. Kemp	3,894	–	–	(3,894)	–	567	01 October 2020
	766	–	–	(766)	–	620	01 July 2021
	–	3,925	–	–	3,925	469	01 July 2024

Approval

This report was approved by the Board and signed on its behalf by.

David J. Ritchie
Chairman of the Remuneration Committee
29 March 2022

Directors' Remuneration Report continued

Directors' Remuneration Policy

This part of the report sets out the Company's Directors' remuneration policy which was approved by shareholders at the 2020 AGM and became effective for three years from the close of that meeting. The policy for the executive directors has been determined by the Remuneration Committee. The policy is due to be reviewed by shareholders at the 2023 AGM.

Certain minor explanatory adjustments have been made to the policy to reflect the change in the provision of retirement benefits due to the cessation of the URBS during 2020/21, the Covid-related change to the performance metrics for the LTIP awards in 2021/22 and the charts setting out an illustration of the application of the policy for 2022/23. Otherwise, the policy remains the same as that approved by shareholders at the 2020 AGM, which is set out in the Annual Report and Accounts for the year ended 25 January 2020 and available on the Company's website, **www.agbarr.co.uk**.

Executive directors

The table below describes each of the elements of the remuneration package for the executive directors:

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary	Core element of fixed remuneration, reflecting the size and scope of the role. Purpose is to recruit and retain directors of the calibre required for the Company.	Usually reviewed annually. Salary levels are determined by the Remuneration Committee taking into account a range of factors including: – role, experience and individual performance; – pay for other employees in the Group; – prevailing market conditions; and – external benchmarks for similar roles at comparable companies.	Although there is no overall maximum, salary increases are normally reviewed in the context of the salary increases across the wider Group. The Remuneration Committee may award salary increases above this level to take account of individual circumstances such as: – increase in scope and responsibility; – increase to reflect the executive director's development and performance in the role; or – alignment to market level.	Not applicable.
Benefits	Ensures the overall package is competitive. Purpose is to recruit and retain directors of the calibre required for the Company.	Executive directors receive benefits in line with market practice, which may include, for example, a car allowance or provision of a company car, a biennial health check, private medical insurance, life assurance and the ability to "buy" or "sell" holidays under the Company's flexible benefits plan. Other benefits may be provided based on individual circumstances. These may include, for example, relocation and travel allowances.	Whilst the Remuneration Committee has not set an absolute maximum on the levels of benefits executive directors receive, the value of the benefit is at a level which the Remuneration Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.	Not applicable.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	Rewards performance against annual targets which support the strategic direction of the Group.	Awards based on annual performance against key financial and/or strategic targets and/or the delivery of personal objectives. Pay-out levels are determined by the Remuneration Committee after the year end based on performance against those targets. The Remuneration Committee has discretion to amend the bonus pay-out if, in its judgement, any formulaic output does not produce a fair result for either the executive director or the Company, taking into account overall business performance. 20% of any bonus earned will be deferred into shares for two years. At any time before the deferred bonus shares are released, the Remuneration Committee has the right to cancel the award in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. For up to two years following the determination of a bonus pay-out, the Remuneration Committee has the right to recover some or all of the bonus pay-out in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct.	Maximum bonus opportunity is 125% of base salary.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. At least 80% of the bonus is assessed against key financial performance metrics of the business and the balance may be based on non-financial strategic measures and/or individual performance. **Financial metrics** There is no minimum payment at threshold performance, up to 50% of the maximum potential for this element of the bonus will be paid out for on-target performance and all of the maximum potential will be paid out for maximum performance. **Non-financial or individual metrics** Payment of the non-financial or individual metrics will apply on a scale between 0% and 100% based on the Remuneration Committee's assessment of the extent to which a non-financial or individual performance metric has been met.

Directors' Remuneration Report continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long Term Incentive Plan 2014 ("LTIP")	Incentivises executive directors over the longer term and aligns their interests with those of shareholders.	Under the LTIP, awards of conditional shares, nil cost share options or other such form as has the same economic effect may be made with vesting dependent on the achievement of performance conditions set by the Remuneration Committee, normally over a three year performance period. Awards granted over shares may be settled in cash at the election of the Remuneration Committee. As described on page 108, awards may also vest in "good leaver" circumstances or on the death of a participant or on a change of control. The Remuneration Committee has the right to reduce unvested or unexercised awards and/or delay their vesting in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. Where an executive director's shareholding is less than 300% of base salary, any vesting awards will be subject to a two year post-vesting holding period. For up to two years following the determination of the vesting outcome of an award, the Remuneration Committee has the right to cancel the award if it has not been exercised, or require repayment of some or all of the award in the event of a material misstatement of the Group's financial results or if the participant has been found guilty of misconduct. The Remuneration Committee may make a dividend equivalent payment ("Dividend Equivalents") to reflect dividends that would have been paid over the period to vesting on shares that vest. This payment may be in the form of additional shares or a cash payment equal to the value of those additional shares.	The normal maximum award is 150% of annual base salary in respect of a financial year. Under the share plan rules the overall maximum opportunity that may be granted in respect of a financial year will be 200% of annual base salary. The normal maximum award limit will only be exceeded in exceptional circumstances involving the recruitment or retention of a senior employee.	The vesting of awards is subject to the satisfaction of performance targets set by the Remuneration Committee. The performance measures are reviewed regularly to ensure they remain relevant but will be based on key financial and/or strategic and/or total shareholder return related measures. The relevant metrics and the respective weightings may vary each year based upon Company strategic priorities. Performance measures and weightings will be set out in the Annual Report on Remuneration for the relevant financial year. For achievement of threshold performance 20% of the maximum opportunity will vest. There will usually be straight line vesting between threshold and maximum performance.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
All employee share schemes	To encourage all employees to make a long-term investment in the Company's shares in a tax efficient way.	Executive directors are entitled to participate in a HMRC tax-advantaged All-Employee Savings Related Share Option Scheme ("SAYE") under which they make monthly savings over a period of three or five years linked to the grant of an option over the Company's shares with an option price which can be at a discount to the market value of shares on grant. Executive directors are also entitled to participate in a HMRC tax-advantaged All-Employee Share Ownership Plan ("AESOP"). The executive directors may participate in all sections of the AESOP, being the partnership and matching section, the free share section and the dividend share section.	Participation limits are those set by the UK tax authorities from time to time.	No performance conditions are attached to awards in line with HMRC practice.

Directors' Remuneration Report continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits	Purpose is to recruit and retain directors of the calibre required for the Company. Provides market competitive post-employment benefits (or cash allowance equivalent).	Executive directors are eligible to participate in the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the "Scheme"), which comprises a defined contribution section and a defined benefit section. The defined benefit section was closed to new entrants from 14 August 2003 and to future accrual from 1 May 2016. Details of the entitlements accruing to the two executive directors who are deferred members of the defined benefit section are detailed in the table on page 85. The contributions paid to the defined contribution section in respect of three executive directors are disclosed on page 85. Details of accruals under the URBS are disclosed on page 85. Executive directors may participate in the A.G. BARR p.l.c. Unfunded Retirement Benefit Scheme ("URBS") with the agreement of the Company. The URBS was established to satisfy the Company's contractual obligations to provide retirement benefits for the benefit of the executive directors where either the annual or lifetime allowance has been exceeded whilst those individuals were members of the Scheme. Benefits will be receivable in certain circumstances, including on retirement, death, change of control or cessation of employment in accordance with the rules of the URBS. In appropriate circumstances, executive directors may take a cash supplement instead of contributions into a pension plan.	*New Executive Directors* The maximum combined Company contribution under the defined contribution section of the Scheme and the URBS in respect of new executive directors will be aligned to the wider workforce (currently capped at 17% of salary, as defined in the Scheme rules). Due to the fact that the URBS ceased to operate during the year ended 24 January 2021, as referenced below, new directors will likely receive this Company contribution in the form of a cash allowance. The Remuneration Committee has discretion to vary the delivery mechanism for retirement benefits, however the exercise of this discretion will not exceed the above limit for the provision of executive directors' retirement benefits. *Incumbent Executive Directors* R.A. White ceased his accrual under the defined benefit section on 5 April 2011. For R.A. White, the Company's maximum contribution under the URBS is equal to 24% of salary plus any contractual entitlement in respect of a shortfall in R.A. White's deferred pension revaluation as a consequence of Fixed Protection 2012. The Company has closed the defined benefit section of the Scheme to new members and future accrual but the only executive director who is a deferred member will continue to receive benefits in accordance with the terms of the Scheme, subject to separately agreed contractual arrangements, including the arrangement summarised below:	Not applicable.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Retirement benefits continued			R.A. White will continue to be entitled to receive life assurance benefits as if he were in pensionable service under the Scheme until his normal retirement date notwithstanding the termination of his employment with the Company, but only in circumstances where he is a "good leaver", as set out in his service contract. The maximum combined Company contribution under the defined contribution section of the Scheme and the URBS in respect of the remaining executive directors is 19% of salary (as defined in the Scheme rules) rising to 24% of salary following the executive's 50th birthday. As referred to in the Annual Report on Remuneration, all executive directors have now elected to receive Company pension contributions in the form of a cash allowance and no longer participate in the URBS. The URBS has therefore ceased to operate.	

Directors' Remuneration Report continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Shareholding guidelines	Purpose is to further align the executive directors' long term interests with those of shareholders.	**During employment** Executive directors must retain all shares acquired under Company sponsored share plans and retain half of any bonus pay-out after tax to purchase shares in the Company until the value of their shareholding is equal to 200% of gross basic salary for the CEO and 150% of gross basic salary for the other executive directors. Until the relevant shareholding is acquired, the executive director may not, without Remuneration Committee approval, sell shares other than to finance any tax liabilities arising from the vesting or release of awards. **Post-employment** Executive directors must retain for one year post-employment any shareholding arising from shares awarded/vesting from both the deferred bonus and LTIP after 26 January 2020, up to the above shareholding guidelines	Not applicable.	Not applicable.

Chairman and non-executive directors

The table below sets out an overview of the remuneration of non-executive directors:

Purpose and link to strategy	Approach of the Company
Sole element of non-executive director remuneration, set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and expertise.	Fees are normally reviewed annually. The remuneration of the Chairman is determined by the Remuneration Committee. Fees are set at a level which reflects the skill, knowledge and experience of the individual, whilst taking into account appropriate market data. The Board is responsible for setting the fees of the other non-executive directors. Fees may include a basic fee and additional fees for further responsibilities (for example, chairmanship of Board committees and senior independent directorship). Fees are set taking into account several factors, including the size and complexity of the business, appropriate market data and the expected time commitment and contribution for the role. Non-executive directors do not participate in any of the Company's share schemes or bonus schemes nor do they receive any pension contributions. Non-executive directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Actual fee levels are disclosed in the Directors' Annual Remuneration report for the relevant financial year.

Explanation of performance metrics chosen and the target setting process

Performance measures are selected that are aligned to the Company's strategy. Stretching performance targets are set each year for the annual bonus and LTIP awards. When setting these performance targets, the Remuneration Committee will take into account a number of different reference points, which may include the Company's business plans and strategy and the market environment. Full payment or vesting will only occur for what the Remuneration Committee considers to be stretching performance. Additionally, the Remuneration Committee has discretion to change formulaic outcomes to ensure that payments made through variable incentive plans are proportionate to the Company's overall performance.

The annual bonus performance targets have been selected to provide an appropriate balance between incentivising directors to meet financial targets for the year and achieving strategic and/or personal objectives. The Remuneration Committee also aims to make sure that targets are set in line with the Company's risk appetite so as to ensure that executive directors are not incentivised to take inappropriate risks.

The LTIP performance targets reflect the Company's strategic objectives and therefore the financial and strategic decisions which ultimately determine the success of the Company. The LTIP performance measures may be based on key financial and/or strategic and/or total shareholder return related measures. From 2020, LTIP performance will normally be based on Earnings Per Share, which is a key measure of the Company's profitability, and relative Total Shareholder Return to further strengthen the link between the interests of the executive directors and the shareholders. In 2021, given the impact of Covid-19, the LTIP performance measure was based on Net Revenue, targeting a recovery strategy in this key financial metric which is highly aligned to profits. For 2022, it is intended to introduce a third performance measure aligned with Environmental Sustainability.

Directors' Remuneration Report continued

The Remuneration Committee retains the ability to adjust or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the Remuneration Committee to determine that the alternative measures are more suitable either for a defined period or for the foreseeable future so that they achieve their original purpose.

Awards and options may be adjusted in the event of a variation of share capital in accordance with the Scheme rules.

Policy for the remuneration of employees generally
Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract and retain high calibre talent.

Under the rules of the LTIP, certain managers are eligible to participate in the LTIP. In 2021, the Head of Supply Chain was granted an LTIP equal to 50% of base salary and it is anticipated that a similar level award will be granted in 2022. The annual bonus arrangements for the senior management team are similar to those for the executive directors in that targets are set annually dependent on financial and/or non-financial performance metrics. The key principles of the remuneration philosophy are applied consistently across the Group below this level, taking account of the seniority of employees.

Approach to recruitment remuneration
The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When appointing a new director, the Remuneration Committee seeks to ensure that arrangements are in the best interests of the Company and in line with market practice.

The Remuneration Committee will take into consideration a number of relevant factors, which may include the calibre of the individual, the candidate's existing remuneration package, and the specific circumstances of the individual including the jurisdiction from which the candidate was recruited.

The Remuneration Committee will typically seek to align the remuneration package with the Company's Remuneration Policy (as set out in the Policy table). The maximum level of variable remuneration which may be granted (excluding buy-out awards referred to below) is 325% of salary (in line with this Policy). Subject to this overall maximum variable remuneration, incentive awards will only be granted above the normal maximum annual award opportunities where the Remuneration Committee considers there to be a commercial rationale, which may include but is not limited to circumstances where an executive director is recruited at a time in the year when it would be inappropriate to provide a bonus and/or LTIP award for that year as there would not be sufficient time to assess performance. The quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis. The Remuneration Committee will ensure that any such awards are linked to the achievement of appropriate and challenging performance targets and will be forfeited if performance or continued employment conditions are not achieved. The Remuneration Committee may also alter the performance measures, performance period and vesting period of the bonus and/or LTIP award, if the Remuneration Committee determines that the circumstances of the recruitment merit such alteration. The rationale would be clearly explained in the Directors' Remuneration Report following grant. The individual will move over time onto a remuneration package that is consistent with the normal maximum annual bonus and LTIP award opportunities set out in the Policy table.

The Remuneration Committee retains discretion to include other remuneration components or awards which are outside the specific terms of the Policy (but subject to the limit on variable remuneration) to facilitate the hiring of candidates of an appropriate calibre, where the Remuneration Committee believes there is a need to do so in the best interests of the Company. The Remuneration Committee would ensure that awards within the 325% of salary variable remuneration limit are linked to the achievement of appropriate and challenging performance measures. The Remuneration Committee will not use this discretion to make a non-performance related incentive payment (for example a "golden hello").

In some circumstances, the Remuneration Committee may make payments or awards to recognise or "buy-out" remuneration arrangements forfeited on leaving a previous employer. The Remuneration Committee will normally aim to do so broadly on a like-for-like basis, taking into account a number of relevant factors regarding the forfeited arrangements which may include the form of award, any performance conditions attached to the awards and the time at which they would have vested. These payments or awards are excluded from the maximum level of variable remuneration referred to above, however the Remuneration Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements. Where considered appropriate, such payments or awards will be liable to "malus" and/or "clawback" on early departure.

Any share awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, and subject to the limits referred to above, recruitment awards may be granted outside of these plans as currently permitted under the Listing Rules which allow for the grant of awards to facilitate, in exceptional circumstances, the recruitment of an executive director.

Where a position is fulfilled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue according to the original terms.

Where necessary, the Company will pay appropriate relocation, travel and subsistence costs. The Remuneration Committee will seek to ensure that no more is paid than is necessary.

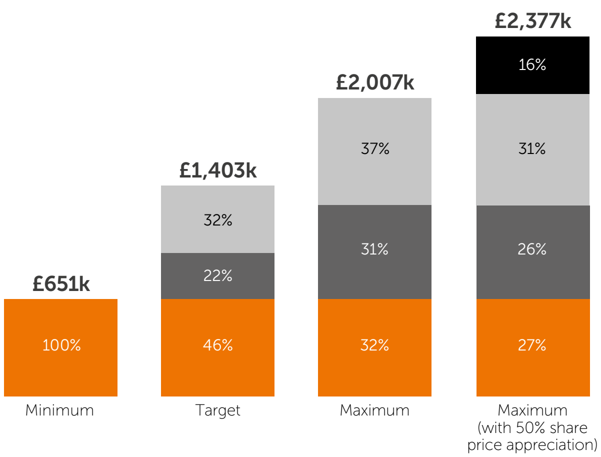
Fees payable to a newly-appointed Chairman or non-executive director will be in line with the fee policy in place at the time of appointment.

Directors' Remuneration Report continued

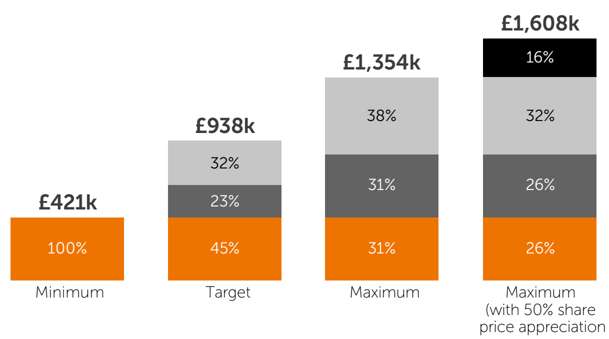
Illustrations of application of Remuneration Policy

The charts below set out an illustration of the Remuneration Policy for 2022/23 in line with the Remuneration Policy above and include base salary, pension, benefits and incentives. The charts provide an illustration of the proportion of total remuneration made up of each component of the Remuneration Policy and the value of each component.

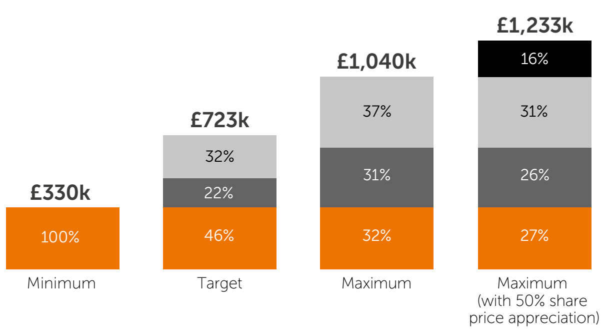
R.A. White – total remuneration



S. Lorimer – total remuneration



J.D Kemp – total remuneration



■ Base salary, benefits and pension ■ Annual bonus ■ LTIP ■ LTIP – share price appreciation

Four scenarios have been illustrated for each executive director: Four scenarios have been illustrated for each executive director:

<table>
<tr><th></th><th>Fixed pay</th><th>Annual Bonus</th><th>LTIP</th></tr>
<tr><td>Minimum performance</td><td rowspan="4">Fixed elements of remuneration – base salary, benefits and pension only.

Base salary is the forward looking salary (i.e. the salary effective from 1 April 2022) and the value for benefits has been calculated as per the single figure table on page 89 (i.e. the benefits for the year ended 30 January 2022).</td><td>No bonus.</td><td>No LTIP vesting.</td></tr>
<tr><td>Performance in line with expectations</td><td>50% of maximum awarded for achieving target performance (i.e. 62.5% of salary).</td><td>60% of maximum award vesting for target performance (i.e. 90% of salary).</td></tr>
<tr><td>Maximum performance</td><td rowspan="2">100% of maximum awarded for achieving maximum performance (i.e. 125% of salary).</td><td>100% of maximum award vesting for maximum performance (i.e. 150% of salary).</td></tr>
<tr><td>Maximum performance plus 50% growth in share price</td><td>100% of maximum award vesting for maximum performance plus 50% growth in share price (i.e. 225% of salary).</td></tr>
</table>

LTIP awards are included in the scenarios above at face value with no share price movement included (except in the "maximum plus 50%" scenario).

Service contracts

Executive directors' contracts are on a rolling basis and may be terminated on 12 months' notice by the Company or on 6 months' notice by the executive director. Service contracts for new executive directors will generally be limited to 12 months' notice by the Company.

In line with the Remuneration Policy approved at the 2014 AGM, service contracts entered into prior to this date provide for a notice period of 12 months except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the executive directors are entitled to a liquidated damages payment equal to the executive director's basic salary at termination plus the value of all contractual benefits for a two year period. In the event this liquidated damages payment is triggered, the executive director will also be deemed to be a "good leaver" for the purposes of the Company's share schemes. Given the size of the Company and the sector dynamics at the time the directors were recruited, the Remuneration Committee considered this provision appropriate in order to attract and retain high calibre executive directors. The Remuneration Committee is cognisant of the fact that these provisions do not reflect best practice. It has therefore previously considered the alternatives available to exit these contractual arrangements, including contractual buy-out. However, the Remuneration Committee concluded that it was not feasible to place a value on these rights, in order to remove them from the contracts, which would be acceptable to both parties. It therefore determined that the most appropriate approach would be to maintain the legacy provisions, however for all future appointments after the approval of the 2014 Remuneration Policy these provisions have not and will not apply. S. Lorimer's service contract does not therefore include the legacy provisions.

Non-executive directors are appointed for an initial period of three years, subject to annual re-election by shareholders in accordance with the Code. Their appointments are terminable by either the Company or the directors themselves upon three months' notice without compensation.

Directors' Remuneration Report continued

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

	Policy
Payment in lieu of notice	Payments to executive directors upon termination of their service contracts will be equal to 12 months' base salary or the highest annual salary earned by the executive during the preceding three years, whichever is higher (plus benefits in kind and pension contributions at the discretion of the Remuneration Committee).
Annual Bonus	This will be at the discretion of the Remuneration Committee on an individual basis and the decision as to whether or not to award a bonus in full or in part will be dependent upon a number of factors, including the circumstances of the individual's departure and their contribution to the business during the bonus period in question. Any bonus amounts paid will typically be pro-rated for time in service to termination and will, subject to performance, be paid at the usual time.
LTIP	The extent to which any award under the LTIP will vest would be determined based on the leaver provisions contained within the LTIP rules. The Remuneration Committee shall determine when awards vest in accordance with those provisions. Awards will normally lapse if the participant leaves employment before vesting. However, awards may vest in "good leaver" circumstances, including death, disability, ill-health, injury, sale of the participant's employer, or any other reason determined by the Remuneration Committee. Any "good leaver" awards will vest at the date of cessation of employment unless the Remuneration Committee decides they should vest at the normal vesting date. In either case, the extent to which an award vests will be determined by the Remuneration Committee taking into account the extent to which the performance conditions have been satisfied and, unless the Remuneration Committee determines otherwise, the period of time that has elapsed from the date of grant to the date of cessation of employment. The Remuneration Committee may vest the award on any other basis if it believes there are exceptional circumstances which warrant that. Options are exercisable for six months from leaving employment or six months from the normal vesting date as appropriate.
Change of control	Awards under the LTIP will generally vest early on a takeover, merger or other corporate reorganisation. The Remuneration Committee will determine the level of vesting taking account of performance conditions and, unless the Remuneration Committee determines otherwise, pro-rating for time, where applicable. Alternatively, participants may be allowed or required to exchange their awards for awards over shares in the acquiring company. Awards under all employee share schemes will be expected to vest on a change of control and those which have to meet specific requirements to benefit from permitted tax benefits will vest in accordance with those requirements.
Mitigation	The executive directors' service contracts do not provide for any reduction in payments for mitigation or for early payment.
Other payments	Payments may be made under the Company's all employee share plans which are governed by HMRC tax-advantaged plan rules and which cover certain leaver provisions. There is no discretionary treatment of leavers under these plans. In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement and legal fees.

Where a buy-out award is made under the Listing Rules then the leaver provisions would be determined at the time of the award.

The Remuneration Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment. In doing so, the Remuneration Committee will recognise and balance the interests of shareholders and the departing executive director, as well as the interests of the remaining directors.

Where the Remuneration Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the director's departure and performance.

Statement of consideration of employment conditions elsewhere in the Company
The Remuneration Committee generally considers pay and employment conditions elsewhere in the Company when considering the executive directors' remuneration. When considering base salary increases, the Remuneration Committee reviews overall levels of base pay increases offered to other employees. Employees are not actively consulted on directors' remuneration. The Company has regular contact with union bodies on matters of pay and remuneration for employees covered by collective bargaining or consultation arrangements.

Existing contractual arrangements
The Remuneration Committee retains discretion to make any remuneration payments and payments for loss of office outside the Policy in this report:
- where the terms of the payment were agreed before the Policy came into effect;
- where the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration of the individual becoming a director of the Company; or
- to satisfy contractual commitments under legacy remuneration arrangements.

For these purposes, the term "payments" includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

The Remuneration Committee may make minor changes to this Policy which do not have a material advantage to directors, to aid in its operation or implementation, taking into account the interests of shareholders but without the need to seek shareholder approval.

Statement of consideration of shareholder views
The Remuneration Committee is committed to an ongoing dialogue with shareholders and welcomes feedback on executive and non-executive directors' remuneration.

Payments in relation to existing remuneration arrangements
The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Remuneration Policy set out above where the terms of the payment were agreed:

i. before the date of the 2014 AGM (the date the Company's first shareholder-approved Remuneration Policy came into effect);
ii. after the date of the 2014 AGM and before the Remuneration Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or
iii. at a time when the relevant individual was not a director of the Company and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes "payments" includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Directors' Report

The directors present their report and the audited consolidated financial statements of the Group for the 53 weeks (2021: 52 weeks) ended 30 January 2022.

Strategic Report

The Companies Act 2006 requires the directors to present a review of the business during the year to 30 January 2022 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 2 to 57 and is incorporated by reference into this Directors' Report.

Corporate Governance Statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 60 to 71 and is incorporated by reference into this Directors' Report.

Results and dividends

The Group's profit after tax for the financial year ended 30 January 2022 attributable to equity shareholders amounted to £27.9m (2021: £19.1m).

As reported in the Annual Report and Accounts for the year ended 24 January 2021, the Board expected to recommence dividend payments during the course of the current year. An interim dividend for the current year of 2.00p (2021: nil) per ordinary share was paid on 29 October 2021. In addition, a special dividend of 10.00p (2021:nil) per ordinary share was paid on 29 October 2021. In line with its progressive dividend policy, the Board has proposed a final dividend of 10.00p (2021 final dividend: nil) per ordinary share, which will be paid on 10 June 2022 if approved at the Company's annual general meeting on 27 May 2022 ("AGM").

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £21.4m (2021: £17.6m).

Directors

The following were directors of the Company during the financial year ended 30 January 2022 and to the date of this report:

- J.R. Nicolson
- R.A. White
- S. Lorimer
- J.D. Kemp
- M. Allen OBE (appointed 1 July 2021)
- W.R.G. Barr
- S.V. Barratt
- Z. L. Howorth (appointed 1 July 2021)
- P. Powell (resigned 1 July 2021)
- D.J. Ritchie
- N.B.E. Wharton

Subject to the Company's Articles of Association (the "Articles") and any relevant legislation, the directors may exercise all of the powers of the Company and may delegate their power and discretion to committees. The powers of the directors to issue or repurchase ordinary shares are set by resolution at a general meeting of shareholders.

The Articles give the directors power to appoint and remove directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. The Articles require directors to retire and submit themselves for election at the first Annual General Meeting following appointment and to retire no later than the third Annual General Meeting after the Annual General Meeting at which they were last elected or re-elected. However, in order to comply with the UK Corporate Governance Code, all directors other than M. Allen OBE and Z.L. Howorth will submit themselves for re-election at the AGM. M. Allen OBE and Z.L. Howorth will retire and offer themselves for election at the AGM. Biographical details of the Board are set out on pages 58 and 59 of this report.

Directors' interests

Information regarding the directors' interests in ordinary shares of the Company is provided in the Directors' Remuneration Report on pages 76 to 109. No director has any other interest in any shares or loan stock of any Group company.

Other than service contracts, no director had a material interest in any contract to which any Group company was a party during the year.

There have been the following changes notified in the directors' shareholdings between 30 January 2022 and 28 March 2022: an increase in R.A. White's holding of 90 shares, an increase in S. Lorimer's holding of 90 shares and an increase in J.D. Kemp's holding of 90 shares.

Directors' indemnity provisions

As at the date of this report, indemnities are in force between the Company and each of its directors under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a director of the Company. The directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim in relation to the Company or brought by a regulator as they are incurred, provided that where the defence is unsuccessful the director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £5.0m for each event giving rise to a claim under that indemnity. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

As at the date of this report, indemnities are in force between the Company and each of the directors of the corporate trustee of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred in connection with the corporate trustee's activities as a trustee of such scheme.

Research and development

The Group undertakes research and development activities in order to develop its range of new and existing products. Expenditure during the year on research and development amounted to £1.3m (2021: £1.0m).

Political donations and political expenditure

No Group company made any political donations or incurred any political expenditure in the year (2021: £nil).

Post balance sheet events

Relevant post balance sheet events requiring disclosure are included in Note 33 to the accounts.

Employee engagement

Information on employee engagement is included in the Corporate Governance Report on pages 65 and 66 and the Strategic Report on page 27.

All qualifying employees are entitled to join the Savings Related Share Option Scheme ("SAYE") and the All-Employee Share Ownership Plan ("AESOP"). Details of these share schemes are provided below.

AESOP

The AESOP is HMRC approved and the executive directors participate in both sections of the scheme, which is open to all qualifying employees.

Directors' Report continued

The partnership share element provides that for every two shares a participant purchases in the Company, up to a current maximum contribution of £150 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual.

There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free to the participant.

The free share element allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of any annual award is currently £3,600 and the shares awarded are held in trust for five years. Under the terms of the AESOP rules, any award of free shares to employees is made by the Trustee of the AESOP subject to the Company's consent.

Under the terms of this scheme, unless they are a "good leaver" the matching shares will be forfeited if the participant leaves the employment of the Company within three years of the award. All partnership, matching and free shares must be removed from the trust if employment with the Company ceases.

SAYE

The SAYE is HMRC approved and is available to all qualifying employees, including executive directors. It is based on a three year savings contract which provides the participant with an option to purchase shares after three years at a discounted price fixed at the time the contract is taken out, or earlier as provided by the scheme rules. No performance conditions require to be met by any participant in order to exercise their option under the SAYE.

Employment of disabled persons

The Company strives to build an inclusive and diverse culture where all employees have the opportunity to succeed. Applications for employment by disabled persons are always fully and fairly considered. In the event of employees becoming disabled every effort is made to ensure that their employment will continue. The Company is committed to the fair treatment of people with disabilities regarding recruitment, training, promotion and career development.

Stakeholder engagement – section 172(1) statement

A statement on how the Company has engaged with key stakeholders, including employees, and the impact of that engagement on the Company's strategy and the principal decisions taken during the year is set out in the Corporate Governance Report on pages 61 to 68. This statement also summarises how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken during the year. This statement is incorporated by reference into this Directors' Report.

Substantial shareholdings

As at 30 January 2022, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Lindsell Train Limited (discretionary clients)	14,563,305	12.99	Indirect
Caledonia Investments plc	3,279,347	2.92	Direct

As at 28 March 2022, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interest in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Lindsell Train Limited (discretionary clients)	12,690,893	11.33	Indirect
Sanford DeLand Asset Management	5,200,000	4.64	Direct

Otherwise, the position remains the same as at 28 March 2022 as it did at 30 January 2022.

Share capital

As at 30 January 2022 the Company's issued share capital comprised a single class of ordinary shares of 4 1/6 pence each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 29 to the financial statements contains details of the ordinary share capital.

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM will give full details of deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting. Subject to the relevant statutory provisions and the Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- those which may from time to time be applicable under existing laws and regulations (for example, insider trading laws); and
- pursuant to the Company's Share Dealing Codes and applicable regulations, whereby directors and certain employees of the Company require approval to deal in the Company's ordinary shares and are prohibited from dealing during closed periods.

At 30 January 2022 the Company had authority, pursuant to the shareholders' resolution of 28 May 2021, to purchase up to 10% of its issued ordinary share capital. This authority will expire at the conclusion of the 2022 AGM. It is proposed that this authority be renewed at the 2022 AGM, as detailed in the notice of AGM.

At 30 January 2022 Robert Barr Limited, as trustee of the Savings Related Benefit Trust and the All-Employee Share Ownership Plan Trust (the "RBL Trustee"), held 0.58% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 30 January 2022, Equiniti Share Plan Trustees Limited (the "AESOP Trustee") held 0.72% of the issued share capital of the Company in trust for participants in the AESOP.

A dividend waiver is in place in respect of the RBL Trustee's holdings under the Savings Related Benefit Trust. A dividend waiver is in place in respect of shares held by the AESOP Trustee and the RBL Trustee under the AESOP which have not been appropriated to participants.

The voting rights in relation to the RBL Trustee's shareholdings are exercised by the RBL Trustee, who may vote or abstain from voting the shares as it sees fit in respect of shares which are unvested or have not been appropriated to employees.

Under the rules of the AESOP, eligible employees are entitled to acquire shares in the Company. Details of the AESOP are set out above. AESOP shares which have been appropriated to participants are held in trust for those participants by the AESOP Trustee. Voting rights in respect of shares which have been appropriated to participants are exercised by the AESOP Trustee on receipt of participants' instructions. If a participant does not submit an instruction to the AESOP Trustee, no vote is registered in respect of those shares. In addition, the AESOP Trustee does not vote any unappropriated shares held under the AESOP as surplus assets.

Directors' Report continued

The Executive Share Option Scheme ("ESOS") was approved by shareholders at the 2010 AGM. Approved Long Term Incentive Plan ("ALTIP") awards comprising both a tax-approved option granted under the ESOS and a Long Term Incentive Plan award have been granted to executive directors. ALTIP awards enable the participant and the Company to benefit from HMRC tax-approved option tax treatment in respect of part of the award, without increasing the pre-tax value delivered to participants. Other than to enable the grant of ALTIP awards, the Company has not granted awards to executive directors under the ESOS. Details of the ALTIP awards granted to executive directors are set out on page 83.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of control

As disclosed in the Directors' Remuneration Report, under certain conditions the notice period for R.A. White and J.D. Kemp may increase from one year to two years in the event of a takeover of or by the Company or a Company reconstruction.

All of the Company's share incentive plans contain provisions relating to a change of control of the Company. The Company's banking facilities may, at the discretion of the lender, be repayable upon a change of control.

Articles of association

The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2022 AGM.

Greenhouse gas emissions

Disclosures regarding greenhouse gas emissions required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included in the Strategic Report on page 36 to 43. This information is incorporated by reference into this Directors' Report.

Task Force on Climate-Related Financial Disclosures ("TCFD")

Disclosures consistent with the TCFD's recommendations are included in the Strategic Report on pages 36 and 37.

Financial risk management

Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the financial risk management disclosure in Note 27.

Contracts of significance

There were no contracts of significance as defined by Listing Rule 9.8 in existence during the financial year.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 57. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 46 to 49.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its financial obligations for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of this annual report) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements.

The Company's viability statement is set out on pages 56 and 57 of the Strategic Report.

Directors' statement as to disclosure of information to auditor

So far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware. Each director has taken all steps that ought to be taken by a director to make themselves aware of and to establish that the auditor is aware of any relevant audit information.

Auditor

The Audit and Risk Committee has responsibility delegated from the Board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor.

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution to appoint Deloitte LLP as auditor of the Company and its subsidiaries, and to authorise the Audit and Risk Committee to fix their remuneration, will be proposed at the 2022 AGM.

Annual General Meeting

The Company's AGM will be held at 12.00 p.m. on 27 May 2022 at the offices of Ernst & Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY. The Notice of the AGM is set out on pages 192 to 201 of this report. A description and explanation of the resolutions to be considered at the 2022 AGM is set out on pages 195 to 197 of this report.

Recommendation to shareholders

The Board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

By order of the Board

Julie Barr
Company Secretary
29 March 2022

Statement of Directors' Responsibilities
In Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the consolidated profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- Properly select and apply accounting policies.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company's financial position and financial performance.
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the parent Company and the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

A copy of the Group and parent Company financial statements has been placed on the Company's website, **www.agbarr.co.uk**. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the disclosure and transparency rules

Each of the directors, whose names and functions are set out on pages 58 and 59 of this report, confirm that, to the best of their knowledge:

- The financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities and financial position of the Group and parent Company and of the consolidated profit.
- The Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the Group.
- They consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

R.A. White
Chief Executive
29 March 2022

S. Lorimer
Finance Director
29 March 2022

Independent Auditor's Report to the members of A.G. BARR P.L.C.

Report on the audit of the financial statements

1. Opinion

In our opinion:

- **the financial statements of A.G. BARR p.l.c. (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 January 2022 and of the group's profit for the year then ended;**
- **the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;**
- **the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:
- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent cash flow statements; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 3 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report to the members of A.G. BARR P.L.C. continued

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: – Completeness and valuation of brand support discounts and cost accruals.
Materiality	The materiality that we used for the group financial statements was £2,070,000 which was determined on the basis of 5% of profit before tax and exceptional items.
Scoping	Our full scope and specified audit procedures covered 99% of the Group's revenue, 100% of the Group's net assets, and 100% of the Group's profit before tax.
Significant changes in our approach	Our audit approach is consistent with the prior year with the exception of: – Valuation of Strathmore goodwill, intangible and tangible assets, which is no longer a key audit matter on the basis that the goodwill and intangible asset balances were fully impaired in the prior year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging underlying data and key assumptions, considering the impact of Covid-19 on the assumptions applied.
- Assessing the integrity of the model used to prepare the forecasts, testing the clerical accuracy of those forecasts, and considering the historical accuracy of the forecasts prepared by management.
- Assessing headroom in the forecasts (liquidity and covenants).
- Evaluating the financing facilities that are in place during the forecast period including the repayment terms and covenants, and assessing whether these have been appropriately reflected in the model.
- Assessing the reasonableness of the downside scenarios and sensitivities performed by management; and
- Assessing the appropriateness of the going concern disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Completeness and valuation of brand support discounts and cost accruals

Key audit matter description	**Brand support discounts and cost accruals within trade and other payables of £18.1m (2021: £13.8m)** The Group incurs significant costs in agreeing sales discounts to support and develop its brands. Judgement is required in determining the level of variable consideration recognised and the accrual for such sales discounts and costs where promotions and brand support campaigns span the year-end and where settlement has not been fully agreed at year-end, or where prior year claims arise, as the year-end accrual can depend on information not yet made available by the customer. Further details are included within "Key Sources of Estimation Uncertainty" as disclosed in the accounting policies within the financial statements. Due to the high level of judgements involved, we have determined there is a potential for fraud through possible manipulation of this balance. Brand support discounts and cost accruals are included within note 23 to the financial statements. The Audit and Risk Committee's consideration in respect of the risk is included on page 73.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: – Obtaining an understanding of and testing the relevant controls over the brand support accruals process; – Meeting with the commercial teams to understand and challenge the brand support discounts in place, by assessing the movements in the brand support accrual; – Testing a sample of customers with characteristics of audit interest (customers receiving material brand support investment, customers with material open promotions at year end, and flagship UK customers), assessing the accuracy of current year accruals; – Performing a lookback on judgements made in the previous year, including examining a sample of accrual releases and assessing the additional variable consideration recognised; – Examining a sample of key commercial contracts and joint business plans to assess whether the composition of the accrual is in line with the underlying commercial agreement; – Obtaining confirmations directly from customers for a sample of open accruals. In cases where no confirmation reply is received, we performed alternative procedures involving understanding the basis for the accrual and recalculating the expected accrual based on related sales information; – Selecting a sample of settlements and releases made after the year-end to determine the accuracy of the accrual; and, – Assessing the appropriateness of the disclosures made in the financial statements.
Key observations	We concluded that the assumptions made by management in determining the valuation and completeness of brand support discount and cost accruals were reasonable.

Independent Auditor's Report to the members of A.G. BARR P.L.C. continued

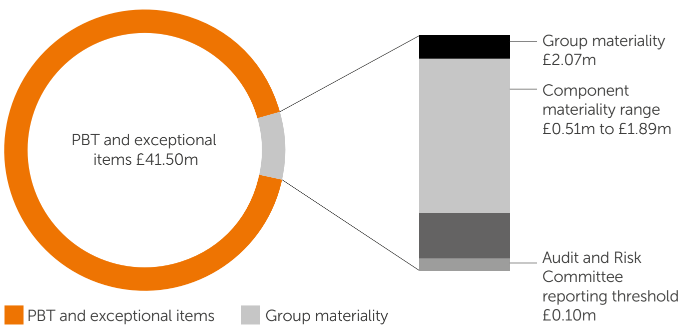
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£2.07m (2021: £1.58m)	£1.89m (2021: £1.44m)
Basis for determining materiality	5% (2021: 5%) of profit before tax and exceptional items.	Parent company materiality equates to 0.7% (2021: 0.7%) of revenue, capped at 90% (2021: 91.4%) of Group materiality.
Rationale for the benchmark applied	We have used profit before tax and before exceptional items as the benchmark for our determination of materiality as we consider this to be a critical performance measure for the Group on the basis that it is a key metric to analysts and investors and has equal prominence in the Annual Report. The exceptional items in the year comprise £0.7m gain on sale on disposal of the Sheffield distribution depot.	We have used revenue as the benchmark for our determination of materiality as we consider this to be the key driver of the business. As statutory materiality would be higher than component materiality, we have capped materiality to be 90% of group materiality being £1.89m. 90% is deemed to be appropriate based on the company only contribution to the Group.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality (reduced to 60% in areas of greater management judgement)	70% (2021: 70%) of parent company materiality (reduced to 60% in areas of greater management judgement)
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: – Our risk assessment, including our assessment of the group's overall control environment and that we considered it appropriate to rely on controls over a number of business processes. – Our past experience of the audit, and our consideration of the number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £103,500 (2021: £78,750), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

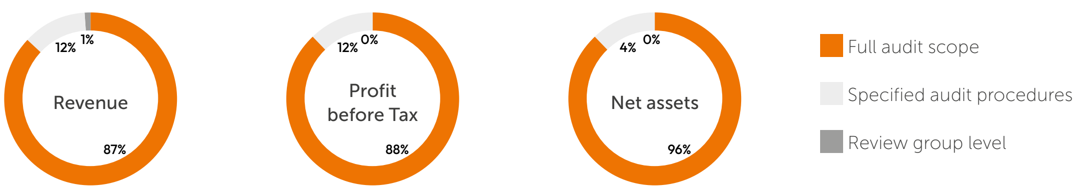
There are no significant changes in our approach in the current year. Our group audit was scoped by obtaining an understanding of the Group and its environment through discussions with finance, IT, commercial and supply teams and performing walkthroughs of processes across these areas, including Group wide controls, and assessing the risks of material misstatements at a Group level.

The significant component to the Group is A.G. BARR p.l.c., which is also the entity in which the trading transactions relating to the brand owned by Rubicon Drinks Limited are recorded.

The other components to the Group are as follows:

- Funkin Limited
- Funkin USA Limited
- A.G. BARR General Partner Limited
- A.G. BARR Capital Partner Limited
- A.G. BARR (Ireland) Limited
- MOMA Foods Limited

Funkin Limited was subject to specified audit procedures based on the materiality of individual balances, and the remaining non-significant components were subject to analytical reviews, the group audit team performed all audit work.



Independent Auditor's Report to the members of A.G. BARR P.L.C. continued

7.2. Our consideration of the control environment

With the involvement of our IT specialist we obtained an understanding of the relevant IT environment, by performing walkthroughs of key processes and in some instances performed testing on the relevant general IT controls and business cycles. We took a controls reliance approach on the relevant controls for certain components within the revenue, expenditure and brand support accrual business process cycles.

7.3. Our considerations of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group has assessed the risk and opportunities relevant to climate change and has elevated this risk to a principal risk across the Group. This risk has also been considered and embedded into the businesses as explained in the Strategic Report on pages 36 to 43.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. While management has acknowledged that the transition and physical risks posed by Climate change have the potential to impact the medium to long term success of the business, they have assessed that there is no material impact arising from climate change on the judgements and estimates made in the financial statements as at 30 January 2022 as explained in note 1 on page 143.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction, and did not identify any additional risks of material misstatement. Our procedures include evaluating the appropriateness of disclosures included in the financial statements and reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

10. Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations, pensions and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas in relation to completeness and valuation of brand support discount and cost accruals given the judgement involved in determining the level of closing accrual. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence and environmental regulations.

Independent Auditor's Report to the members of A.G. BARR P.L.C. continued

11.2. Audit response to risks identified

As a result of performing the above, we identified completeness and valuation of brand support discounts and cost accruals as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified on page 114;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on pages 56 and 57;
- the directors' statement on fair, balanced and understandable set out on page 116;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 52 to 55;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 70 and 71; and
- the section describing the work of the Audit and Risk Committee set out on pages 72 and 73.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

We were appointed by the Audit and Risk Committee, on 31 May 2017 to audit the financial statements for the year ended 27 January 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years, covering the years ending 27 January 2018 to 30 January 2022. The engagement partner, David Sweeney, is required to rotate off for the year ended 29 January 2023.

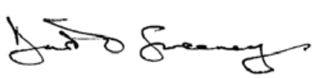
15.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.



David Sweeney, CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
29 March 2022

Consolidated Income Statement
For the year ended 30 January 2022

	Note	2022 Before exceptional items £m	2022 Exceptional items* £m	2022 Total £m	2021 Before exceptional items £m	2021 Exceptional items* £m	2021 Total £m
Revenue	2	**268.6**	**–**	**268.6**	227.0	–	227.0
Cost of sales	7	**(150.0)**	**–**	**(150.0)**	(132.2)	(1.2)	(133.4)
Gross profit	2	**118.6**	**–**	**118.6**	94.8	(1.2)	93.6
Other income	5, 7	**–**	**0.7**	**0.7**	–	7.6	7.6
Operating expenses	6, 7	**(76.6)**	**–**	**(76.6)**	(61.2)	(13.2)	(74.4)
Operating profit		**42.0**	**0.7**	**42.7**	33.6	(6.8)	26.8
Finance costs	8	**(0.4)**	**–**	**(0.4)**	(0.7)	–	(0.7)
Share of after tax results of associates	17	**(0.1)**	**–**	**(0.1)**	(0.1)	–	(0.1)
Profit before tax		**41.5**	**0.7**	**42.2**	32.8	(6.8)	26.0
Tax on profit	9	**(14.4)**	**–**	**(14.4)**	(8.0)	1.1	(6.9)
Profit for the year		**27.1**	**0.7**	**27.8**	24.8	(5.7)	19.1
Attributable to:							
Equity shareholders of the parent Company		**27.2**	**0.7**	**27.9**	24.8	(5.7)	19.1
Non-controlling interests		**(0.1)**	**–**	**(0.1)**	–	–	–

Earnings per share (pence)

	Note	2022	2021
Basic earnings per share	10	**25.09**	17.18
Diluted earnings per share	10	**24.95**	17.16
Basic earnings per share before exceptional items	10	**24.46**	22.31

* An explanation of exceptional items is provided in Note 7.

Statements of Financial Position
As at 30 January 2022

	Note	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Non-current assets					
Intangible assets	12	**98.6**	90.5	**3.9**	5.1
Property, plant and equipment	13	**93.8**	96.4	**74.4**	76.9
Right-of-use assets	14	**4.2**	2.5	**23.2**	21.5
Loans and receivables	15	**1.5**	1.0	**1.5**	1.0
Investment in subsidiary undertakings	16	**–**	–	**90.3**	84.1
Investment in associates	17	**0.7**	0.8	**0.7**	0.8
Retirement benefit surplus	28	**–**	–	**15.1**	8.9
		198.8	191.2	**209.1**	198.3
Current assets					
Inventories	19	**24.2**	19.3	**21.0**	17.0
Trade and other receivables	20	**44.3**	37.6	**37.2**	34.4
Assets classified as held for sale	21	**–**	0.4	**–**	0.4
Current tax asset		**0.3**	0.7	**2.5**	1.7
Cash and cash equivalents	18	**68.7**	52.9	**59.1**	48.1
		137.5	110.9	**119.8**	101.6
Total assets		**336.3**	302.1	**328.9**	299.9
Current liabilities					
Loans and other borrowings	22	**0.3**	2.9	**–**	2.9
Trade and other payables	23	**54.0**	43.4	**59.6**	47.1
Derivative financial instruments	15	**0.2**	0.1	**0.2**	0.1
Lease liabilities	14, 22	**1.3**	1.1	**2.6**	2.2
Provisions	24	**2.0**	1.9	**1.8**	1.9
		57.8	49.4	**64.2**	54.2
Non-current liabilities					
Deferred tax liabilities	26	**21.5**	14.6	**9.1**	5.2
Lease liabilities	14, 22	**2.8**	1.4	**19.3**	18.4
Put liability	25	**5.0**	–	**–**	–
Retirement benefit obligations	28	**1.0**	7.9	**–**	–
		30.3	23.9	**28.4**	23.6
Capital and reserves attributable to equity holders					
Share capital	29	**4.7**	4.7	**4.7**	4.7
Share premium account	29	**0.9**	0.9	**0.9**	0.9
Share options reserve	29	**1.6**	1.8	**1.5**	1.7
Other reserves	29	**(5.1)**	(0.2)	**(0.1)**	(0.2)
Retained earnings	29	**242.4**	221.6	**229.3**	215.0
Total shareholder equity		**244.5**	228.8	**236.3**	221.1
Non-controlling interest in equity		**3.7**	–	**–**	–
		248.2	228.8	**236.3**	222.1
Total equity and liabilities		**336.3**	302.1	**328.9**	299.9

The Company reported a profit for the financial year ended 30 January 2022 of £21.4m (year ended 24 January 2021: £17.6m).

Company Number: SC005653

The financial statements on pages 126 to 187 were approved by the Board of directors and authorised for issue on 29 March 2022 and were signed on its behalf by:

Roger White
Chief Executive

Stuart Lorimer
Finance Director

Statement of Comprehensive Income
For the year ended 30 January 2022

		Group		Company	
	Note	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Profit for the year		**27.8**	19.1	**21.4**	17.6
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit pension plans	28	**4.7**	0.6	**4.7**	0.6
Deferred tax movements on items above	26	**(1.2)**	(0.1)	**(1.2)**	(0.1)
Deferred tax remeasurement for movement in tax rate	26	**1.5**	0.5	**1.5**	0.5
Items that will be or have been reclassified to profit or loss					
Cash flow hedges:	15				
Losses arising during the period		**0.1**	–	**0.1**	–
Deferred tax movements on items above	26	**–**	–	**–**	–
Other comprehensive income for the year, net of tax		**5.1**	1.0	**5.1**	1.0
Total comprehensive income for the year		**32.9**	20.1	**26.5**	18.6
Attributable to:					
Equity shareholders of the parent Company		**33.0**	20.1	**26.5**	18.6
Non-controlling interests		**(0.1)**	–	**–**	–

Statement of Changes in Equity
For the year ended 30 January 2022

Group	Note	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	29	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Recognition of share-based payment costs	30	–	–	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	26	–	–	0.4	–	–	0.4	–	0.4
Dividends paid	11	–	–	–	–	(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**
At 25 January 2020		4.7	0.9	1.4	–	201.3	208.3	–	208.3
Profit for the year		–	–	–	–	19.1	19.1	–	19.1
Other comprehensive income		–	–	–	–	1.0	1.0	–	1.0
Total comprehensive income for the year		–	–	–	–	20.1	20.1	–	20.1
Company shares purchased for use by employee benefit trusts	29	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Recognition of share-based payment costs	30	–	–	0.7	–	–	0.7	–	0.7
Transfer of reserve on share award		–	–	(0.1)	–	0.1	–	–	–
Deferred tax on items taken direct to reserves	26	–	–	(0.2)	–	–	(0.2)	–	(0.2)
Reallocation between reserves		–	–	–	(0.2)	0.2	–	–	–
At 24 January 2021		4.7	0.9	1.8	(0.2)	221.6	228.8	–	228.8

Statement of Changes in Equity continued
For the year ended 30 January 2022

Company	Note	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 24 January 2021		**4.7**	**0.9**	**1.7**	**(0.2)**	**215.0**	**222.1**
Profit for the year		**–**	**–**	**–**	**–**	**21.4**	**21.4**
Other comprehensive income		**–**	**–**	**–**	**0.1**	**5.0**	**5.1**
Total comprehensive income for the year		**–**	**–**	**–**	**0.1**	**26.4**	**26.5**
Company shares purchased for use by employee benefit trusts	29	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Recognition of share-based payment costs	30	**–**	**–**	**1.2**	**–**	**–**	**1.2**
Transfer of reserve on share award		**–**	**–**	**(1.8)**	**–**	**1.8**	**–**
Deferred tax on items taken direct to reserves	26	**–**	**–**	**0.4**	**–**	**–**	**0.4**
Dividends paid	11	**–**	**–**	**–**	**–**	**(13.4)**	**(13.4)**
At 30 January 2022		**4.7**	**0.9**	**1.5**	**(0.1)**	**229.3**	**236.3**
At 25 January 2020		4.7	0.9	1.4	–	196.2	203.2
Profit for the year		–	–	–	–	17.6	17.6
Other comprehensive income		–	–	–	–	1.0	1.0
Total comprehensive income for the year		–	–	–	–	18.6	18.6
Company shares purchased for use by employee benefit trusts	29	–	–	–	–	(0.1)	(0.1)
Recognition of share-based payment costs	30	–	–	0.6	–	–	0.6
Transfer of reserve on share award		–	–	(0.1)	–	0.1	–
Deferred tax on items taken direct to reserves	26	–	–	(0.2)	–	–	(0.2)
Reallocation between reserves		–	–	–	(0.2)	0.2	–
At 24 January 2021		4.7	0.9	1.7	(0.2)	215.0	222.1

Cash Flow Statements
For the year ended 30 January 2022

	Note	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Operating activities					
Profit before tax		**42.2**	26.0	**31.0**	22.5
Adjustments for:					
Interest and dividends receivable		**–**	–	**–**	(0.6)
Interest payable	8	**0.4**	0.7	**0.4**	1.4
Depreciation of property, plant and equipment	13	**9.9**	11.8	**9.5**	11.5
Amortisation of intangible assets	12	**1.3**	1.1	**1.2**	1.2
Share-based payment costs		**1.2**	0.7	**1.2**	0.6
Share of results in associates		**0.1**	0.1	**0.1**	0.1
Impairment of Strathmore brand		**–**	7.0	**–**	7.0
Impairment of Strathmore goodwill		**–**	1.9	**–**	1.9
Impairment of Strathmore property, plant and equipment		**–**	1.1	**–**	1.1
Funkin goodwill adjustment		**–**	1.3	**–**	–
Gain on sale of property, plant and equipment and available for sale assets		**(0.7)**	–	**(0.7)**	–
Operating cash flows before movements in working capital		**54.4**	51.7	**42.7**	46.7
Increase in inventories		**(4.3)**	(1.2)	**(4.0)**	(0.9)
(Increase)/decrease in receivables		**(5.6)**	19.8	**(2.8)**	19.8
Increase/(decrease) in payables		**7.7**	(7.1)	**11.8**	(5.5)
Difference between employer pension contributions and amounts recognised in the income statement		**(2.3)**	(2.2)	**(2.3)**	(2.2)
Cash generated by operations		**49.9**	61.0	**45.4**	57.9
Tax paid		**(6.5)**	(10.3)	**(6.5)**	(8.5)
Net cash from operating activities		**43.4**	50.7	**38.9**	49.4
Investing activities					
Acquisition of subsidiary (net of cash acquired)	16	**(5.1)**	–	**(5.5)**	–
Loan to associate		**–**	(1.0)	**–**	(1.0)
Purchase of property, plant and equipment		**(5.0)**	(7.1)	**(4.9)**	(7.0)
Proceeds on sale of property, plant and equipment and assets held for sale		**1.1**	0.1	**1.1**	0.1
Interest received		**–**	–	**–**	0.6
Net cash used in investing activities		**(9.0)**	(8.0)	**(9.3)**	(7.3)
Financing activities					
New loans received		**–**	60.0	**–**	60.0
Loans receivable		**(0.5)**	–	**(0.5)**	–
Loans repaid		**–**	(60.0)	**–**	(60.0)
Lease payments		**(1.5)**	(3.2)	**(1.5)**	(3.0)
Purchase of Company shares by employee benefit trusts	29	**(0.2)**	(0.1)	**(0.2)**	(0.1)
Dividends paid		**(13.4)**	–	**(13.4)**	–
Interest paid		**(0.1)**	(0.3)	**(0.1)**	(1.0)
Net cash used in financing activities		**(15.7)**	(3.6)	**(15.7)**	(4.1)
Net increase in cash and cash equivalents		**18.7**	39.1	**13.9**	38.0
Cash and cash equivalents at beginning of year		**50.0**	10.9	**45.2**	7.2
Cash and cash equivalents at end of year		**68.7**	50.0	**59.1**	45.2

Cash and cash equivalents per the Group and Company cash flow statements above comprises cash and cash equivalents per the statement of financial position of £52.9m and £48.1m respectively, net of bank overdrafts of £2.9m for the year ended 24 January 2021.

Notes to the Accounts

1. Accounting Policies

General information

A.G. BARR p.l.c. (the "Company") and its subsidiaries (together the "Group") manufacture, 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.

The financial year represents the 53 weeks ended 30 January 2022 (prior financial year 52 weeks ended 24 January 2021).

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and parent Company financial statements of A.G. BARR p.l.c. have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. They have been prepared under the historical cost accounting rules except for the derivative financial instruments and the assets of the Group pension scheme which are stated at fair value and the liabilities of the Group pension scheme which are valued using the projected unit credit method.

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks. This assessment was undertaken through the use of a number of severe but plausible downside scenarios that could impact the business (both individually and cumulatively).

Details of the scenarios that were assessed are listed within the Viability Statement contained on pages 56 and 57. These scenarios include adverse brand damage to the Group's largest brand (IRN-BRU), reimposition of restrictions associated with the Covid-19 pandemic, significant disruption to supply chain (including the closure of a factory), a cyber attack, and significant energy cost inflation. In addition, potential financial impacts from climate change were assessed, consistent with our Task Force on Climate-related Financial Disclosures, detailed on pages 38 to 43.

The directors' experience of the Covid-19 pandemic provides confidence over the resilience of our brands, and that the business can react appropriately to significant downside scenarios. Material cash preservation measures are available, including reducing discretionary spend on overheads, non-essential capital, marketing investment, and the suspension of dividends.

As at 30 January 2022, the consolidated balance sheet reflects a net asset position of £248.2m, including net cash at bank of £68.4m. The Group has £30m of committed and unutilised debt facilities, consisting of two revolving credit facilities with two individual banks, providing the business with a secure funding platform. One of these facilities (£10m) expires in April 2023, with the other (£20m) expiring in February 2026. Throughout these severe but plausible downside scenarios, the Group continues to have significant liquidity headroom on existing facilities and against the revolving credit facilities financial covenants.

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 consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed on pages 142 and 143.

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented a separate income statement or statement of comprehensive income for the Company.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- IFRIC Agenda Paper 7 – Customer's Right to Receive Access to the Supplier's Software Hosted on the Cloud (IAS 38 Intangible Assets)
- IFRS Agenda Paper 2 – Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The amendments listed above do not have a material impact on the results for the current and prior reporting periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 31 January 2022 and not adopted early

A number of new standards and amendments to standards and interpretations are effective for future year ends, and have not been applied in preparing these financial statements. These standards and amendments are listed in the table below:

International Accounting Standards and Interpretations
IFRS 17 Insurance Contracts
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1 Classification of Liabilities as Current or Non-current
Amendments to IFRS 3 Reference to Conceptual Framework
Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts – Costs of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018 – 2020 Cycle
Amendments to IFRS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
Amendments to IAS 8 Definition of Accounting Estimates

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

Notes to the Accounts continued

1. Accounting Policies continued

Consolidation – subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date over which control commences until the date on which control ceases.

On the acquisition of a business, identifiable assets and liabilities acquired are measured at their fair value. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued. Any contingent consideration is recognised at fair value at the acquisition date and subsequently until it is settled. The cost of the acquisition in excess of the Group's interest in the net fair value of the identifiable net assets acquired is recorded as goodwill.

Non-controlling interests represent the portion of comprehensive income and equity in subsidiaries that is not attributable to the parent Company shareholders and is presented separately from the parent shareholders' equity in the Consolidated Balance Sheet.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in net assets are also eliminated. Accounting policies of subsidiaries are consistent with those adopted by the Group.

Revenue recognition

Revenue is recognised when control of the goods has passed to the buyer and the amount can be measured reliably. All revenue is recognised on a point of time basis being primarily the point of delivery to customers' sites. The majority of goods are dispatched by the Group's own distribution network and delivery often occurs on the day of dispatch although some are a few days later therefore revenue is recognised on delivery to the customer site. None of the Group's contractual arrangements lead to revenue being recognised over time.

Revenue is the net invoiced sales value, after deducting promotional sales related discounts invoiced by customers, including: brand support costs; customer incentives; and exclusive of value added tax of goods and services supplied to external customers during the year. Brand support costs are investments in customer promotional activities. Sales are recorded based on the price specified in the sales invoices, net of any agreed discounts and rebates. Brand support accruals are included in the statement of financial position.

Sales related discounts and rebates are calculated based on the expected amounts necessary to meet the claims of the Group's customers in respect of these discounts and rebates. When the Group expects to grant a discount or relate to a customer, this is treated as variable consideration and adjustments are made to the transaction price using the expected value method. This variable consideration is only included to the extent that is highly probable the inclusion will not result in a significant revenue reversal in the future.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. Segment results that are reported to the Board and senior executives (as chief operating decision makers) include items directly attributable to a segment as well as those that can be allocated on a consistent basis.

Foreign currency translation

(a) Functional and presentation currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in £ Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the same line in which the transaction is recorded.

Exceptional items

As permitted by IAS 1 Presentation of financial statements, an item is treated as exceptional if it is considered unusual by its nature or scale, and is of such significance that separate disclosure is required for the financial statements to be properly understood. In determining whether an event or transaction is exceptional, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence as well as the size and nature of an item both individually and when aggregated with similar items, for example restructuring costs, product development or asset write offs. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a meaningful analysis of our trading results. For further details refer to Note 7.

Intangible assets

Goodwill

Goodwill represents the excess of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Impairment charges on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Brands

Separately acquired brands are recognised at cost at the date of purchase. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately or through a business combination are assessed at the date of acquisition as to whether they have an indefinite life. The assessment includes whether the brand name will continue to trade, and the expected lifetime of the brand. All brands acquired to date have been assessed as having an indefinite life as they are expected to continue to contribute to the long-term future of the Group. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges.

The fair value of a brand at the date of acquisition is based on the Relief from Royalties method, which is a valuation model based on discounted cash flows.

Notes to the Accounts continued

1. Accounting Policies continued

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

The fair value of the customer relationships at the acquisition date was based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The useful lives of customer relationships are based on the churn rate of the acquired portfolio and are up to 10 years corresponding to a yearly amortisation of between 10% and 33%. The useful lives of all intangible assets are reviewed annually and amended, as required, on a prospective basis.

Internally generated software development costs

Internally generated software development costs comprise internal and third-party consultancy costs incurred in relation to the Business Process Redesign project. Amortisation is charged from the date the software is available for use. This is calculated using the straight-line method over the expected useful life of the software, which is 10 years.

Property, plant and equipment

Land and buildings comprise mainly factories, distribution sites and offices. All property, plant and equipment is stated at historical cost less accumulated depreciation and impairments. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the assets. The purchase price of an asset will include the fair value of the consideration paid to acquire the asset. Borrowing costs directly attributable to acquisition, construction and/or production of assets that take a substantial time to complete are capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation is charged from the date that assets, other than land, are available for use. It is calculated using the straight-line method to allocate the cost to the residual values of the related assets using the following rates:
Buildings – 1%
Leasehold buildings – Term of lease
Plant, equipment and vehicles – 10% to 33%

Property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date. The carrying value of the property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the recoverable amount may be less than the carrying value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised on disposal or where no future economic benefits are expected to arise from the continued use of the asset.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within administration costs in the income statement.

Government grants
The Group recognises government grants in accordance with IAS 20. Grants received by the Group are recognised in the income statement and matched against the costs that the grant are intended to compensate for and are therefore shown net.

Leases
The Group as lessee
For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as any contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:
- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct the use of the identified assets through the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment where such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising the right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets and lease liabilities have been disclosed separately.

Investment in associates
An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Accounts continued

1. Accounting Policies continued

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The investment is recognised initially in the statement of financial position at cost, and is adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. On acquisition, any excess of the cost of the investments over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in which the investment is acquired.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that is based on current market assessments of the time value of money and risks specific to the asset for which the future cash flow estimates have not been adjusted.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the impairment loss was recognised although any reversal cannot result in a carrying amount that would exceed the carrying amount that would have been recognised, net of depreciation, had no impairment loss been recognised in prior years.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, loans receivable, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade payables.

Trade receivables

Trade receivables are recognised initially at transaction price. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less an allowance for expected credit losses (ECL). The amount of the expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the receivable. In assessing whether the credit risk on trade receivables has increased significantly since initial recognition, the Group compares the risk of a default occurring on the receivable at the reporting date with the risk of a default occurring on the receivable at the date of original recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost and effort. The Group always recognises lifetime ECL for trade receivables. The expected credit loss on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The carrying amount of the asset is reduced by the allowance for expected credit losses and the amount of the loss is recognised in the income statement within administration costs.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments
Investments in subsidiaries are carried at cost less impairment in the parent Company accounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Derivative financial instruments and hedging activities
The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks using foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 15.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value. The gain or loss on remeasurement is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. The impact of hedging on the Group's financial position is disclosed in Note 15. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Cash flow hedges
The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in cash flow hedges, including hedges of foreign exchange risk on firm commitments.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:
- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship. (The Group does not consider credit risk to be material but will monitor on an ongoing basis)
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instruments for all of its hedging relationships.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within administration costs. Amounts accumulated in equity are recycled through the income statement in the period when the hedged item affects profit or loss.

Notes to the Accounts continued

1. Accounting Policies continued

Inventories

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.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their primary distribution location and condition. This includes direct labour costs and an appropriate share of overheads based on normal operating activity.

Company shares held by employee benefit trusts

Company shares are purchased on behalf of employee benefit trusts to satisfy the liability of various employee share schemes. The amount of the consideration paid, including directly attributable costs, is recognised as a charge in equity. Purchased shares are classified as Company shares held by employee benefit trusts, and presented as a deduction from retained earnings.

Current and deferred income tax

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is charged in the income statement except where it relates to tax on items recognised directly in equity, in which case it is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the consolidated financial statements.

The following temporary differences are not provided for:
- the initial recognition of goodwill
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Retirement benefit plans

The Group operates two pension schemes, as detailed in Note 28. The schemes are generally funded through payments to trustee-administered funds. The Group has both defined benefit and defined contribution plans.

Defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Obligations for contributions are recognised as an expense in the income statement as they fall due. The Group has no further payment obligations once the contributions have been paid.

Defined benefit pension plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability/surplus recognised in the statement of financial position in respect of defined benefit pension plans is the present value of plan assets less the fair value of the defined benefit obligation. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

The Group's defined benefit plan was closed to future accrual on 1 May 2016.

Share-based compensation

The Group grants equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non market-based vesting conditions) at the grant date. The fair value of the equity-settled share-based payment determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model.

The Group also provides employees with the ability to purchase the Company's ordinary shares at a discount to the current market value through payroll.

The Group records as an expense the fair value of the discount on the shares purchased by the employee as a charge to the income statement and a credit to the share options reserve.

At each year end date, the entity revises its estimates of the number of options that are expected to vest based on the non market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share options reserve.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for various bonuses based on formulae that take into consideration the profit attributable to the Company's shareholders after certain adjustments.

Notes to the Accounts continued

1. Accounting Policies continued

The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Provisions

A provision is recognised if, as the result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

A restructuring provision is recognised when the Group has approved a detailed and formal restructuring plan which has been either announced or has commenced. Future operating costs are not provided for.

Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Share repurchase programme

Any share repurchase programmes would result in the cancellation of repurchased shares and the transfer of the relevant permanent capital into a Capital Redemption Reserve. The Capital Redemption Reserve is included in "Other reserves" within equity. Refer to Note 29.

Alternative performance measures

Alternative performance measures (APMs) are tracked by management to assess the Group's operating performance and to inform financial, strategic and operating decisions. These are therefore presented within the Annual Report and Accounts. Definitions of APMs and reconciliation to GAAP measures can be found in the Glossary on pages 188 to 191.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make assumptions and estimates that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation, the actual outcomes may well differ from these estimates.

The critical accounting judgements and key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are:

Exceptional items

The determination of whether items are exceptional or not are set out in Note 7.

Retirement benefit obligations

The determination of any defined benefit pension scheme surplus/obligation is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions. The material estimations are those for which a sensitivity analysis is provided in Note 28. The directors consider that those sensitivities provided in Note 28 represent reasonable sensitivities that could occur.

Sales related rebates and discounts

The Group agrees to pay customers various amounts in the form of sales related rebates and discounts. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management make estimates on an ongoing basis to assess customer performance and sales volume to calculate the total amounts earned to be deducted from revenue. Based on total rebate and discount spend in the year 3% of spend would need to be omitted to result in a material error in the value of accruals made at year end.

Valuation of put liability

During the year, the Group acquired a controlling stake in MOMA Foods Limited and issued a put option to the seller to sell their remaining shares. The put option is exercisable in June 2025. The put liability valuation is sensitive to revenue forecasts and discount rates. Details of the assumptions are set out in Note 25.

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers and suppliers do the same. In our view, climate change does not create any further key sources of estimation uncertainty in these financial statements. For further details, see the Risk Management and Sustainability sections of the Strategic Report.

2. 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 their reference to their gross profit before exceptional items.

During the year ended 30 January 2022, the Group has amended the composition of reportable segments to better reflect internal reporting.

Accordingly, the Group has restated the previously reported segment information for the year ended 24 January 2021.

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**

Year ended 24 January 2021 restated

	Soft drinks £m	Cocktail solutions £m	Other £m	Total £m
Total revenue	210.0	17.0	–	227.0
Gross profit	88.7	6.1	–	94.8

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.

The gross profit before exceptional items from the segment reporting is reconciled to the total profit before income tax, as shown in the consolidated income statement.

Notes to the Accounts continued

2. Segment reporting continued

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 reconciliation of segment assets and liabilities to the statement of financial position has been disclosed for either of the periods presented.

Included in revenues arising from the above segments are revenues of approximately £51.5m, which arose from sales to the Group's largest customer (2021: £45.6m). No other single customers contributed 10% or more to the Group's revenue in either 2021 or 2022.

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

Geographical information

The Group operates predominantly in the UK with some worldwide sales. All of the operations of the Group are based in the UK.

Revenue	**2022 £m**	2021 £m
UK	**257.3**	219.0
Rest of the world	**11.3**	8.0
	268.6	227.0

The rest of the world revenue includes sales to the Republic of Ireland and international wholesale export houses.

All of the assets of the Group are located in the UK.

3. Profit before tax

The following items have been included in arriving at profit before tax before exceptional items:

	2022 £m	2021 £m
Depreciation of property, plant and equipment	**8.4**	8.9
Depreciation of right-of-use assets	**1.5**	2.9
Amortisation of intangible assets	**1.3**	1.1
Cost of inventories charged in cost of sales	**150.0**	132.2
Trade receivables impairment movement	**–**	(0.2)
Foreign exchange gains recognised	**(0.2)**	(0.2)
Staff costs (Note 4)	**50.2**	46.7

R&D costs for the year totalled £1.3m (2021: £1.0m), with elements of these costs included in the table above.

Included within administration costs (Note 6) is the auditor's remuneration, including expenses for audit and non-audit services.

The cost includes services from the Company's auditor and its associates:

	2022 £'000	2021 £'000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	**170**	150
Fees payable to the auditor for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**20**	18
Non-audit services		
Audit-related assurance services	**30**	28
Other services	**5**	4

4. Employees and directors

	2022	2021
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	**643**	638
Administration	**236**	261
	879	899

Staff costs for the Group for the year

	2022 £m	2021 £m
Wages and salaries	**40.2**	38.9
Social security costs	**4.8**	4.5
Share-based payments	**1.2**	0.7
Pension costs – defined contribution plans	**3.8**	3.6
Pension costs – defined benefit plans	**0.2**	0.3
Furlough income	**–**	(1.3)
	50.2	46.7

The expense incurred in relation to redundancy related items has been shown separately in Note 7.

Notes to the Accounts continued

5. Other income

	2022			2021		
	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Gain on sale of property	–	0.7	0.7	–	–	–
Rockstar compensation	–	–	–	–	7.6	7.6
Total	–	0.7	0.7	–	7.6	7.6

* Refer to Note 7 for details of exceptional income.

6. Net operating expenses

	2022			2021		
	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Distribution costs (including selling costs)	41.7	–	41.7	35.7	0.5	36.2
Administration costs	34.9	–	34.9	25.5	12.7	38.2
	76.6	–	76.6	61.2	13.2	74.4

* An explanation of exceptional items is provided in Note 7.

7. Exceptional items

Exceptional items are those that in management's judgement need to be disclosed by virtue of their size and/or nature. In determining whether an event or transaction is exceptional, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence as well as the size and nature of an item both individually and when aggregated with similar items, for example restructuring costs, product development or asset write offs. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and senior executives, and assists in providing a meaningful analysis of our trading results.

Such items are included within the income statement caption to which they relate, and are separately disclosed in the note below.

It is believed that separate disclosure of exceptional items further helps investors to understand the performance of the Group.

	2022 £m	2021 £m
Gain on sale of property	(0.7)	–
Redundancy costs for business reorganisation and restructure	–	3.1
Impairment of Strathmore intangible and tangible assets	–	10.0
Funkin goodwill adjustment	–	1.3
Rockstar compensation	–	(7.6)
Total exceptional net (income)/charge	(0.7)	6.8

	2022 £m	2021 £m
Items included in cost of sales		
Redundancy costs for business reorganisation and restructure	–	1.2
Total included in cost of sales	–	1.2

	2022 £m	2021 £m
Items included in other income		
Gain on sale of property	(0.7)	–
Rockstar compensation	–	(7.6)
Total included in other income	(0.7)	(7.6)

	2022 £m	2021 £m
Items included in administration costs		
Redundancy costs for business reorganisation and restructure	–	1.4
Impairment of Strathmore brand	–	7.0
Impairment of Strathmore goodwill	–	1.9
Impairment of Strathmore property, plant and equipment	–	1.1
Funkin goodwill adjustment	–	1.3
Total included in administration costs	–	12.7

	2022 £m	2021 £m
Items included in distribution and selling costs		
Redundancy costs for business reorganisation and restructure	–	0.5
Total included in distribution and selling costs	–	0.5
Total exceptional net charge included in operating expenses	–	13.2
Total exceptional net (income)/charge	(0.7)	6.8

The tax impact of these charges are shown in Note 9.

During the year ended 30 January 2022, a gain on sale was made on the disposal of the Sheffield distribution depot. This asset was classified as an asset held for sale as at 24 January 2021 and the sale was completed in February 2021. Although the gain on sale in isolation is not exceptional, the site disposal was part of a Group-wide re-engineering programme, the costs of which were considered to be non-recurring and exceptional in nature and which were reported as exceptional in the year ended 24 January 2021.

In the prior year, £3.1m of costs were incurred relating to the then ongoing change programme, which commenced in the year ending 25 January 2020 and is now complete. A £10.0m impairment charge of the Strathmore Water business operations was incurred following a review of intangibles assets in the year. The termination of the Rockstar franchise entitled the Group to a one-off contractual termination payment of £7.6m, and there was a £1.3m non-cash charge to the income statement relating to Funkin acquisition goodwill.

Notes to the Accounts continued

8. Finance costs

	2022 £m	2021 £m
Interest payable	**(0.2)**	(0.4)
Lease interest	**(0.1)**	(0.1)
Finance costs relating to defined benefit pension plans (Note 28)	**(0.1)**	(0.2)
	(0.4)	(0.7)

9. Taxation

Group	2022 Before exceptional items £m	2022 Exceptional items £m	2022 Total £m	2021 Before exceptional items £m	2021 Exceptional items £m	2021 Total £m
Charge/(credit) to the income statement						
Current tax on profits for the year	**7.1**	**–**	**7.1**	6.4	0.8	7.2
Adjustments in respect of prior years	**(0.3)**	**–**	**(0.3)**	(0.5)	–	(0.5)
Total current tax expense	**6.8**	**–**	**6.8**	5.9	0.8	6.7
Deferred tax						
Origination and reversal of:						
Temporary differences	**1.3**	**–**	**1.3**	0.1	(1.9)	(1.8)
Adjustment for change in corporation tax rate	**5.7**	**–**	**5.7**	2.2	–	2.2
Adjustments in respect of prior years	**0.6**	**–**	**0.6**	(0.2)	–	(0.2)
Total deferred tax expense (Note 25)	**7.6**	**–**	**7.6**	2.1	(1.9)	0.2
Total tax expense/(credit)	**14.4**	**–**	**14.4**	8.0	(1.1)	6.9

In addition to the above movements in deferred tax, a deferred tax credit of £0.3m (2021: credit of £0.4m) has been recognised in other comprehensive income and a credit of £0.4m (2021: debit of £0.2m) has been taken direct to reserves (Note 26).

The tax on the Group's profit before tax differs from the amount that would arise using the tax rate applicable to the consolidated profits of the Group as follows:

	2022 £m	2022 %	2021 £m	2021 %
Profit before tax	**42.2**		26.0	
Tax at 19.0% (2021: 19.0%)	**8.0**	**19.0**	4.9	19.0
Tax effects of:				
Items that are not deductible in determining taxable profit	**0.4**	**0.9**	0.6	2.3
Current tax adjustment in respect of prior years	**(0.3)**	**(0.7)**	(0.5)	(1.9)
Deferred tax adjustment in respect of prior years	**0.6**	**1.4**	(0.2)	(0.8)
Deferred tax adjustment in respect of change in corporation tax rates	**5.7**	**13.5**	2.2	8.5
Other differences	**–**	**–**	(0.1)	(0.3)
Total tax expense	**14.4**	**34.1**	6.9	26.8

The weighted average tax rate was 34.1% (2021: 26.8%).

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.

10. 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.

	2022	2021
Profit attributable to equity holders of the Company (£m)	**27.9**	19.1
Weighted average number of ordinary shares in issue	**111,187,778**	111,171,047
Basic earnings per share (pence)	**25.09**	17.18

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 year. The number of shares as calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2022	2021
Profit attributable to equity holders of the Company (£m)	**27.9**	19.1
Weighted average number of ordinary shares in issue	**111,187,778**	111,171,047
Adjustment for dilutive effect of share options	**657,074**	140,959
Diluted weighted average number of ordinary shares in issue	**111,844,852**	111,312,006
Diluted earnings per share (pence)	**24.95**	17.16

The earnings per share figure before exceptional items is calculated by using profit attributable to equity holders before exceptional items:

	2022	2021
Profit attributable to equity holders of the Company before exceptional items (£m)	**27.2**	24.8
Weighted average number of ordinary shares in issue	**111,187,778**	111,171,047
Basic earnings per share before exceptional items (pence)	**24.46**	22.31

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance, as the calculation excludes the effect of exceptional items.

Notes to the Accounts continued

11. Dividends

In April 2020, given the unprecedented circumstances arising from Covid-19, we communicated our decision to temporarily suspend dividend payments, one of a number of important actions we took to conserve cash and maintain balance sheet flexibility. As a result, no dividends were paid or declared in the year ended 24 January 2021.

As reported in the Annual Report and Accounts for the year ended 24 January 2021, the Board indicated their intention to recommence dividend payments during the course of the current year.

An interim dividend of 2.0p per share was approved by the Board on 28 September 2021. In addition, following a review of the Group's net cash position and future funding requirements, the Board approved a special dividend of 10.0p per share recognising the benefit of a number of one-off cash inflows that were outside normal trading. These dividends were paid on 29 October 2021 to shareholders on the Register of Members as of 8 October 2021.

The directors have proposed a final dividend in respect of the year ended 30 January 2022 of 10.0p per share. Subject to approval by shareholders it will be paid on 10 June 2022 to shareholders on the Register of Members on 13 May 2022.

Dividends paid in the financial year were as follows:

	2022 per share	2021 per share	**2022 £m**	2021 £m
Interim dividend	**2.00p**	–	**2.2**	–
Special dividend	**10.00p**	–	**11.2**	–
	12.00p	–	**13.4**	–

Dividends payable in respect of the financial year were as follows:

	2022 per share	2021 per share
Interim dividend	**2.00p**	–
Special dividend	**10.00p**	–
Final dividend	**10.00p**	–
	22.00p	–

12. Intangible assets

Group	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 25 January 2020	39.0	57.1	3.9	0.7	11.9	112.6
Disposals	–	–	–	–	(0.1)	(0.1)
At 24 January 2021	39.0	57.1	3.9	0.7	11.8	112.5
Additions	1.0	8.4	–	–	–	9.4
At 30 January 2022	**40.0**	**65.5**	**3.9**	**0.7**	**11.8**	**121.9**
Amortisation and impairment losses						
At 25 January 2020	0.4	0.3	3.8	0.7	5.6	10.8
Amortisation for the year	–	–	–	–	1.1	1.1
Disposals	–	–	–	–	(0.1)	(0.1)
Impairment for the year	1.9	7.0	–	–	–	8.9
Funkin goodwill adjustment	1.3	–	–	–	–	1.3
At 24 January 2021	3.6	7.3	3.8	0.7	6.6	22.0
Amortisation for the year	–	–	0.1	–	1.2	1.3
At 30 January 2022	**3.6**	**7.3**	**3.9**	**0.7**	**7.8**	**23.3**
Carrying amounts						
At 30 January 2022	**36.4**	**58.2**	**–**	**–**	**4.0**	**98.6**
At 24 January 2021	35.4	49.8	0.1	–	5.2	90.5

During the year ended 30 January 2022, the Group acquired a 61.8% interest in MOMA Foods Limited (MOMA), details of brands and goodwill recognised on acquisition are included in Note 16.

The remaining goodwill and brands recognised relate primarily to the acquisition of the Strathmore Water business, Rubicon Drinks Limited and Funkin Limited. The software development costs represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project implemented in 2015.

The opening customer relationships balance represents intangible assets recognised on the acquisition of the Strathmore Water business, Rubicon Drinks Limited and Funkin Limited. The amortisation charge represents the spreading of the cost over the assets' expected useful lives. All customer relationships are fully amortised.

The amortisation costs for the year to 30 January 2022 have been included in the income statement as administration costs.

Notes to the Accounts continued

12. Intangible assets continued

Company	Goodwill £m	Brands £m	Customer relationships £m	Water rights £m	Software development costs £m	Total £m
Cost						
At 25 January 2020	1.9	7.3	1.0	0.7	11.9	22.8
Disposals	–	–	–	–	(0.1)	(0.1)
At 24 January 2021	1.9	7.3	1.0	0.7	11.8	22.7
At 30 January 2022	**1.9**	**7.3**	**1.0**	**0.7**	**11.8**	**22.7**
Amortisation and impairment losses						
At 25 January 2020	–	0.3	1.0	0.7	5.6	7.6
Amortisation for the year	–	–	–	–	1.2	1.2
Disposals	–	–	–	–	(0.1)	(0.1)
Impairment for the year	1.9	7.0	–	–	–	8.9
At 24 January 2021	1.9	7.3	1.0	0.7	6.7	17.6
Amortisation for the year	–	–	–	–	1.2	1.2
At 30 January 2022	**1.9**	**7.3**	**1.0**	**0.7**	**7.9**	**18.8**
Carrying amounts						
At 30 January 2022	**–**	**–**	**–**	**–**	**3.9**	**3.9**
At 24 January 2021	–	–	–	–	5.1	5.1

The goodwill and brands recognised in the Company relate to the acquisition of the Strathmore Water business. The software development costs represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project.

Impairment tests for goodwill and brands
For impairment testing, goodwill and brands are allocated to the cash-generating unit (CGU) representing the lowest level at which goodwill is monitored for internal management purposes. The Group tests whether there has been any impairment of intangible assets on an annual basis or when there is an indication of impairment. The recoverable amount of a CGU is based on value in use calculations. These calculations use pre-tax cash flow projections based on financial forecasts approved by management which cover a five-year period. Cash flows beyond five years are extrapolated using the growth rates and other key assumptions noted below.

The aggregate carrying amounts of goodwill allocated to each CGU are:

At 30 January 2022	**Goodwill £m**	**Brands £m**	**Customer relationships £m**	**Total £m**
Rubicon	**21.0**	**43.0**	**–**	**64.0**
Funkin	**14.4**	**6.8**	**–**	**21.2**
MOMA	**1.0**	**8.4**	**–**	**9.4**
Total	**36.4**	**58.2**	**–**	**94.6**

At 24 January 2021	Goodwill £m	Brands £m	Customer relationships £m	Total £m
Rubicon	21.0	43.0	–	64.0
Funkin	14.4	6.8	0.1	21.3
Total	35.4	49.8	0.1	85.3

Key assumptions for each CGU:

	2022		2021	
	Growth rate %	**Discount rate %**	Growth rate %	Discount rate %
Rubicon	**2.0**	**8.7**	2.0	9.3
Funkin	**2.0**	**8.7**	2.0	9.3
Strathmore	**–**	**8.7**	–	9.3
MOMA	**3.0**	**18.0**	–	–

In the year ended 24 January 2021, a review of the outlook for both the Strathmore brand and the water sector highlighted an impairment requirement resulting in the write-down of the Strathmore brand £7.0m, goodwill of £1.9m and tangible fixed assets of plant and equipment of £1.1m.

Notes to the Accounts continued

12. Intangible assets continued

Key assumptions used in value in use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Volume growth rates – reflect management expectations of volume growth based on growth achieved to date, current strategy and expected market trends, and will vary according to each CGU.
- Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Marginal contribution is based on approved financial budgets. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.
- Advertising and promotional spend – financial budgets approved by management are used to determine the value assigned to advertising and promotional spend. This is based on planned spend for year one and strategic intent thereafter.
- Raw material price, production and distribution costs, selling costs and other overhead inflation – based on approved financial budgets, which incorporate current material coverage, current strategy and expected market trends.
- The discount rate reflects management's estimate of post-tax cost of capital adjusted for the specific risks impacting on each operating unit. The estimated pre-tax cost of capital is based on guidance provided by an independent third party to the Group.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment under a range of different assumptions, e.g. adjusting discount rates. At a pre-tax rate of 12%, or a reduction in long-term growth of 1%, none of the CGUs were impaired. Whilst cash flow projections used within the impairment reviews are subject to inherent uncertainty, reasonably possible changes to the key assumptions applied in assessing the value in use calculation would not result in a change in the impairment conclusions reached.

13. Property, plant and equipment

Group	Land and buildings Freehold £m	Land and buildings Long leasehold £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
At 25 January 2020	62.4	0.4	98.8	14.3	175.9
Additions	–	–	3.8	2.1	5.9
Transfer from assets under construction	3.2	–	10.6	(13.8)	–
Transfer to available for sale assets	(0.8)	–	–	–	(0.8)
Disposals	–	–	(3.3)	–	(3.3)
At 24 January 2021	64.8	0.4	109.9	2.6	177.7
Additions	0.2	–	1.0	4.6	5.8
Transfer from assets under construction	0.6	–	2.7	(3.3)	–
Disposals	(0.1)	–	(0.4)	–	(0.5)
At 30 January 2022	**65.5**	**0.4**	**113.2**	**3.9**	**183.0**
Depreciation					
At 25 January 2020	6.7	0.4	67.6	–	74.7
Amount charged for year	0.7	–	8.2	–	8.9
Impairment	0.4	–	0.7	–	1.1
Transfer to available for sale assets	(0.4)	–	–	–	(0.4)
Disposals	–	–	(3.0)	–	(3.0)
At 24 January 2021	7.4	0.4	73.5	–	81.3
Amount charged for year	0.8	–	7.6	–	8.4
Disposals	(0.1)	–	(0.4)	–	(0.5)
At 30 January 2022	**8.1**	**0.4**	**80.7**	**–**	**89.2**
Net book value					
At 30 January 2022	**57.4**	**–**	**32.5**	**3.9**	**93.8**
At 24 January 2021	57.4	–	36.4	2.6	96.4

In the prior year, the Strathmore Water business was tested for impairment, resulting in the impairment of land and buildings of £0.4m and plant and equipment of £0.7m. Further details are included in Note 12.

Notes to the Accounts continued

13. Property, plant and equipment continued

Group	Land and buildings: Freehold £m	Land and buildings: Long leasehold £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost or deemed cost					
At 25 January 2020	39.5	0.3	98.1	14.4	152.3
Additions	–	–	3.7	2.1	5.8
Transfer from assets under construction	3.2	–	10.6	(13.8)	–
Transfer to available for sale assets	(0.8)	–	–	–	(0.8)
Disposals	–	–	(3.3)	–	(3.3)
At 24 January 2021	41.9	0.3	109.1	2.7	154.0
Additions	0.1	–	0.9	4.5	5.5
Transfer from assets under construction	0.6	–	2.7	(3.3)	–
Disposals	–	–	(0.4)	–	(0.4)
At 30 January 2022	**42.6**	**0.3**	**112.3**	**3.9**	**159.1**
Depreciation					
At 25 January 2020	3.6	0.3	66.9	–	70.8
Amount charged for year	0.4	–	8.2	–	8.6
Impairment	0.4	–	0.7	–	1.1
Transfer to available for sale assets	(0.4)	–	–	–	(0.4)
Disposals	–	–	(3.0)	–	(3.0)
At 24 January 2021	4.0	0.3	72.8	–	77.1
Amount charged for year	0.5	–	7.5	–	8.0
Disposals	–	–	(0.4)	–	(0.4)
At 30 January 2022	**4.5**	**0.3**	**79.9**	**–**	**84.7**
Net book value					
At 30 January 2022	**38.1**	**–**	**32.4**	**3.9**	**74.4**
At 24 January 2021	37.9	–	36.3	2.7	76.9

At 30 January 2022, the Group and the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £9.5m (2021: £0.8m).

14. Leases

This note provides information for leases where the Group is a lessee. The Group is not a lessor.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Right-of-use assets				
Buildings	**0.7**	1.1	**19.7**	19.3
Plant, equipment and vehicles	**3.5**	1.4	**3.5**	2.2
	4.2	2.5	**23.2**	21.5
Lease liabilities				
Current	**1.3**	1.1	**2.6**	2.2
Non-current	**2.8**	1.4	**19.3**	18.4
	4.1	2.5	**21.9**	20.6

Company only right-of-use assets and lease liabilities relate to assets leased under the asset-backed funding arrangements, as outlined in Note 28.

Additions to the right-of-use assets during 2022 were £3.1m (2021:£0.8m) for the Group and the Company.

(ii) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 £m	2021 £m
Depreciation charge of right-of-use assets		
Buildings	**0.4**	0.4
Plant, equipment and vehicles	**1.1**	2.5
	1.5	2.9
Interest expense (including finance cost)	**0.1**	0.1
Expense related to short-term leases (included in cost of goods sold and administrative expenses)	**0.1**	0.2

The total cash outflow for leases in 2022 was £1.5m (2021: £3.2m).

At 30 January 2022 the Group has no commitments for short-term leases.

There are no expenses in relation to variable lease payments not included in the measurement of the lease liabilities or income from sub-leasing right-of-use assets.

Notes to the Accounts continued

14. Leases continued

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 10 years, but may have extension options as described (in **(iv)**) opposite.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases for real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- Makes adjustments specific to the lease, e.g. term, country, currency and security

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles, and all leases of low-value assets, are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options are exercisable only by the Group and not by the respective lessor.

(v) Residual value guarantees

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

The Group initially estimates and recognises amounts expected to be paid under residual value guarantee as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, so the Group does not expect to pay anything under the guarantees.

15. Derivative financial instruments

Derivative financial liabilities	2022 £m	2021 £m
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Foreign currency forward contracts	**0.2**	0.1

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated purchase transactions out to 18 months. This is hedged on a sliding scale basis where the nearer the time of the purchase, the greater the amount hedged will be.

For the hedges of highly probable forecast purchases, as the critical terms (i.e. the notional amount, life and underlying contracts) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The Group assesses the ineffectiveness by comparing past changes in the fair value of the foreign exchange forward contracts with changes in the fair value of a hypothetical derivative.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. This is not considered to be material to the Group. No other sources of ineffectiveness emerged from these hedge relationships.

Notes to the Accounts continued

15. Derivative financial instruments continued

The following table details the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items. Foreign currency forward contract assets and liabilities are presented in the line "Derivative financial instruments" (either as assets or as liabilities) within the statement of financial position. All of the currency forward contracts are designated as cash flow hedges.

	Average exchange rate		Notional value: Foreign currency		Notional value: Local currency		Carrying amount of the hedging instruments liabilities	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Buy EUR								
Less than 3 months	**1.17**	1.11	**3.6**	2.3	**3.1**	2.1	**(0.1)**	–
3 to 6 months	**1.16**	1.09	**3.1**	1.9	**2.5**	1.7	**(0.1)**	–
6 to 12 months	**1.16**	1.08	**1.8**	2.4	**1.6**	2.2	**–**	(0.1)
over 12 months	**1.15**	1.08	**0.4**	0.1	**0.3**	0.1	**–**	–
Buy USD								
Less than 3 months	**–**	1.32	**–**	0.1	**–**	0.1	**–**	–
3 to 6 months	**1.35**	–	**1.4**	–	**1.0**	–	**–**	–
6 to 12 months	**–**	1.36	**–**	1.1	**–**	0.8	**–**	–
							(0.2)	(0.1)

Group and Company

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 statement of financial position, with the resulting value discounted accordingly as relevant.

The following tables show 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.

Group 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

Notes to the Accounts continued

15. Derivative financial instruments continued

Group At 24 January 2021	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at fair value through equity £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current					
Loan receivable from associate	–	1.0	–	–	1.0
Financial assets – Current					
Trade receivables	–	35.6	–	–	35.6
Cash and cash equivalents	–	52.9	–	–	52.9
	–	88.5	–	–	88.5
Financial liabilities					
Bank borrowings	–	–	–	2.9	2.9
Foreign exchange contracts used for hedging	0.1	–	–	–	0.1
Lease liabilities	–	–	–	2.5	2.5
Trade payables	–	–	–	7.3	7.3
	0.1	–	–	12.7	12.8

Company 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 and other receivables and amounts due from subsidiary companies	**–**	**34.6**	**–**	**34.6**
Cash and cash equivalents	**–**	**59.1**	**–**	**59.1**
	–	**93.7**	**–**	**93.7**
Financial liabilities – Non-current				
Lease liabilities	**–**	**–**	**19.3**	**19.3**
Trade payables and amounts due to other subsidiary companies	**–**	**–**	**25.9**	**25.9**
	–	**–**	**45.2**	**45.2**
Financial liabilities – Current				
Foreign exchange contracts used for hedging	**0.2**	**–**	**–**	**0.2**
Lease liabilities	**–**	**–**	**2.6**	**2.6**
	0.2	**–**	**2.6**	**2.8**

* The loan receivable was provided in August 2021. The earliest repayment date is August 2023.

Company At 24 January 2021	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 from associate	–	1.0	–	1.0
Financial assets – Current				
Trade and other receivables and amounts due from subsidiary companies	–	31.2	–	31.2
Cash and cash equivalents	–	48.1	–	48.1
	–	79.3	–	79.3
Financial liabilities				
Bank borrowings	–	–	2.9	2.9
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	20.6	20.6
Trade payables and amounts due to other subsidiary companies	–	–	12.8	12.8
	0.1	–	36.3	36.4

All financial instruments at fair value sit within Level 2 of the fair value hierarchy within Level 3.

Cash and cash equivalents held by the Group have an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The fair value of the current trade and other receivables and the current trade and other payables approximates to their book value as none of the balances are interest-bearing.

The cumulative amount of gains and losses on effective hedging instruments are held within the cash flow hedge reserve in "Other reserves".

16. Investment in subsidiaries

	Company **2022** **£m**	2021 £m
Opening investment in subsidiaries	**84.1**	84.1
Investments made in the year	**6.2**	–
Closing investment in subsidiaries	**90.3**	84.1

On 6 December 2021, the Group acquired 61.8% of the shares and voting interests in MOMA Foods Limited (MOMA) granting it control. Included in the identifiable assets and liabilities of MOMA are inputs (inventories, receivables and payables) and an experienced workforce with technical expertise. The Group has concluded that, together, the acquired inputs and processes are a business that will create value by generating revenue in the growing plant-based drinks category, supported by the Group's brand building capability.

For the two months ended 30 January 2022, MOMA contributed revenue of £1.1m and had an immaterial impact on profit. Had MOMA been a subsidiary for the full financial year, it would have contributed c. £6m revenue to the Group and broadly broke even on profit.

Notes to the Accounts continued

16. Investment in subsidiaries continued

The value of identifiable assets and liabilities of MOMA at the date of acquisition were:

	£m
Property, plant and equipment	0.2
Intangible assets	8.4
Inventory	0.6
Trade receivables	1.0
Prepayments	0.1
Cash and cash equivalents	0.4
Trade payables	(0.7)
Accruals	(0.7)
Loans	(0.3)
Total identifiable net assets acquired	**9.0**
Goodwill	1.0
Value on acquisition	10.0
Non-controlling interest	(3.8)
Total consideration	6.2
Represented by:	
Cash	6.2

As part of the arrangements with non-controlling shareholders of MOMA, the Group issued put options to the sellers to sell the remaining shares and simultaneously the seller issued call options to the Group to purchase the remaining shares. The put option is exercisable in June 2025 and the call options are exercisable in two tranches from 2024 to 2025. The exercise prices are derived from a multiple of future earnings. The Group has recognised non-controlling interests for the remaining shares because the interests subject to the put and call options are not deemed to have been acquired upon acquisition. Accordingly, the financial liability arising from the put option has not been included in the consideration transferred and is accounted for separately, with a corresponding entry recorded in equity.

At the acquisition date, the Group recognised a put liability of £8.6m recorded at a present value of £5.0m being the estimated redemption value, using forecast revenue of MOMA, discounted at a post-tax rate of 18%. Further details are provided in Note 25.

Acquisition-related costs

The Group incurred acquisition-related costs of £0.2m on legal fees and due diligence costs. These costs have been included in 'Administrative expenses'.

The goodwill arising represents potential revenue synergies. It is anticipated that on disposal, goodwill and brand will be deductible for tax purposes.

During the year to 24 January 2021, the following dormant subsidiary company was dissolved:

Taut (UK) Limited

During the year to 24 January 2021, a new subsidiary was formed in the Republic of Ireland – being A.G. Barr (Ireland) Limited, in which the Company has a 1 Euro investment.

The principal subsidiaries are as follows:

Principal subsidiary	Principal activity	Country of incorporation	Country of principal operations
Funkin Limited	Distribution and selling of cocktail solutions	England	UK
Funkin USA Limited	Distribution and selling of cocktail solutions	England	USA
Rubicon Drinks Limited	Manufacture, distribution and selling of soft drinks	England	UK
MOMA Foods Limited	Distribution and selling of plant-based milk	England	UK

A.G. BARR p.l.c. holds 100% of the equity and votes of the subsidiaries with the exception of MOMA noted above. The subsidiaries have the same year end as A.G. BARR p.l.c. with the exception of MOMA with a 31 December 2021 year end, and have been included in the Group consolidation. The companies listed are the trading subsidiaries. Refer to Note 32 for a full list of subsidiary companies.

17. Investment in associates

In June 2019, the Group made a £1m investment in Elegantly Spirited Limited, acquiring a 20% stake in the business. In November 2020, a £1m loan was provided as disclosed in Note 15.

The following entities have been included in the consolidated financial statements using the equity method:

		% of ownership interest		Carrying amount	
Name of entity	Country of incorporation and principal place of business	**2022 %**	2021 %	**2022 £m**	2021 £m
Elegantly Spirited Limited	UK	**20**	20	**0.7**	0.8

The primary business of Elegantly Spirited Limited is a brand builder, marketing and selling a range of zero proof distilled spirits. The address of its registered office is 19 Langham Street, London, England. This investment is consistent with our strategy of building a branded portfolio of products across both alcohol and non-alcohol beverages. The investment is not considered a material associate and therefore disclosures are limited to the section below.

Notes to the Accounts continued

17. Investment in associates continued

Aggregate information of associates that are not individually material

	2022 £m	2021 £m
Carrying amount of individually immaterial associates	**0.7**	0.8
Aggregate amounts of the Group's share of:		
Loss from continuing operations	**(0.1)**	(0.1)
Total comprehensive expense	**(0.1)**	(0.1)

	2022 £m	2021 £m
Opening balance at start of year	**0.8**	0.9
Share of operating losses	**(0.1)**	(0.1)
Closing balance at end of year	**0.7**	0.8

18. Cash and cash equivalents

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Cash and cash equivalents	**68.7**	52.9	**59.1**	48.1

Cash and cash equivalents in the table above are included in the cash flow statements.

19. Inventories

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Materials	**9.8**	8.0	**9.8**	8.0
Finished goods	**14.4**	11.3	**11.2**	9.0
	24.2	19.3	**21.0**	17.0

20. Trade and other receivables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade receivables	**41.7**	35.7	**34.7**	31.5
Less: loss allowance	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Trade receivables – net	**41.6**	35.6	**34.6**	31.4
Prepayments	**2.7**	2.0	**2.3**	1.8
Amounts due by subsidiary companies	**–**	–	**0.3**	1.2
	44.3	37.6	**37.2**	34.4

Trade receivables
The average credit period on sales of goods is 60 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience on the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 50.8% against all receivables over 90 days past due in the year because historic experience has indicated that these receivables are generally not recoverable. In the prior year, a 34.7% loss allowance was made against all receivables over 90 days past due based on historical experience at that time.

The level of loss allowance has increased over the year as a result of an increase in the expected credit loss for more than 90 days, with the level of debt outstanding over 90 days remaining the same.

The Group writes off a trade receivable when there is information that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceeding. None of the trade receivables that have been written off are subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. The figures in the table below are exclusive of VAT.

The Group's and Company's most significant customer, a UK major customer, accounts for £9.4m of the trade receivables carrying amount at 30 January 2022 (24 January 2021: £6.9m).

	Trade receivables – days past due					
Group – 30 January 2022	**Not past due £m**	**<30 £m**	**31-60 £m**	**61-90 £m**	**>90 £m**	**Total £m**
Expected credit loss rate	**0.1%**	**0.4%**	**1.8%**	**7.4%**	**50.8%**	
Expected total gross carrying amount at default	**28.4**	**2.8**	**0.7**	**0.1**	**0.1**	
Lifetime ECL	**–**	**–**	**–**	**–**	**0.1**	**0.1**

	Trade receivables – days past due					
Group – 24 January 2021	Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	0.2%	1.4%	4.3%	12.1%	34.7%	
Expected total gross carrying amount at default	24.9	2.1	0.7	0.7	0.5	
Lifetime ECL	–	–	–	–	0.1	0.1

Notes to the Accounts continued

20. Trade and other receivables continued

Company – 30 January 2022	**Trade receivables – days past due** **Not past due £m**	**<30 £m**	**31-60 £m**	**61-90 £m**	**>90 £m**	**Total £m**
Expected credit loss rate	**0.1%**	**1.7%**	**25.9%**	**41.2%**	**52.0%**	
Expected total gross carrying amount at default	**28.4**	**0.1**	**–**	**–**	**0.1**	
Lifetime ECL	**–**	**–**	**–**	**–**	**0.1**	**0.1**

Company – 24 January 2021	Trade receivables – days past due Not past due £m	<30 £m	31-60 £m	61-90 £m	>90 £m	Total £m
Expected credit loss rate	0.2%	5.4%	55.2%	76.9%	87.2%	
Expected total gross carrying amount at default	24.8	0.4	–	0.1	0.2	
Lifetime ECL	–	–	–	–	0.1	0.1

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The maximum exposure for both the Group and the Company to credit risk for trade receivables at the reporting date by type of customer was:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Other customers	**40.3**	34.6	**33.3**	30.4
Direct sales customers	**1.4**	1.1	**1.4**	1.1
Total	**41.7**	35.7	**34.7**	31.5

The carrying amount of the Group and Company's external trade and other receivables are denominated in the following currencies:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
UK Sterling	**43.8**	37.4	**36.9**	34.3
Euro	**0.4**	0.2	**0.3**	0.1
US Dollar	**0.1**	–	**–**	–
	44.3	37.6	**37.2**	34.4

21. Assets held for sale

The property related to the distribution depot at Sheffield was presented as held for sale following the closure of the site in March 2020. This asset was sold in the current year, resulting in a gain on sale included within exceptional income within Note 7.

22. Loans and other borrowings

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Current				
Bank borrowings	**0.3**	2.9	**–**	2.9
Lease liabilities	**1.3**	1.1	**2.6**	2.2
Non-current				
Lease liabilities	**2.8**	1.4	**19.3**	18.4
Total borrowings	**4.4**	5.4	**21.9**	23.5

All of the Group's borrowings are denominated in UK Sterling.

As disclosed in Note 16, the Group made an investment in MOMA Foods Limited in the year ending 30 January 2022. MOMA Foods Limited has two CBIL loans totalling £0.3m, as noted in the table above. These are Sterling debt facilities with £0.1m expiring in May 2024 with the remaining £0.2m in June 2026.

During the year to 27 January 2018, the Group entered into three revolving credit facilities over periods of three to five years with Royal Bank of Scotland plc, Bank of Scotland plc and HSBC Bank plc. These facilities provided £60m of Sterling debt facilities. After subsequent negotiations in March 2019, March 2020, and March 2021, these facilities will be reduced to £30m in February 2022, with £10m expiring in April 2023 with the remaining £20m facility due to expire in February 2026.

Arrangement fees associated with loan facilities are included in the finance costs line in the income statement.

During the year to 26 January 2014, certain property assets were transferred into A.G. BARR Scottish Limited Partnership and are being leased back to the Company under a 21-year lease agreement. Further details are included within Note 28.

Notes to the Accounts continued

22. Loans and other borrowings continued

The maturity analysis of the lease liabilities are shown in the table below:

	Group	Company
	Lease liabilities 2022 £m	**Lease liabilities 2022 £m**
Less than one year	**1.3**	**2.6**
One to two years	**1.0**	**2.4**
Two to three years	**0.8**	**2.4**
Three to four years	**0.6**	**2.0**
Four to five years	**0.4**	**2.0**
Later than five years	**–**	**16.1**
	4.1	**27.5**
Less: Unearned interest	**–**	**(5.6)**
	4.1	**21.9**

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Bank borrowings	**0.3**	2.9	**–**	2.9
Lease liability payable within one year	**1.3**	1.1	**2.6**	2.2
Current loans and other borrowings disclosed in the statement of financial position	**1.6**	4.0	**2.6**	5.1

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Lease liability payable after more than one year	**2.8**	1.4	**19.3**	18.4
Non-current loans and other borrowings disclosed in the statement of financial position	**2.8**	1.4	**19.3**	18.4

The movements in the Group borrowings are analysed as follows:

	2022 £m	2021 £m
Opening borrowings balance	**5.4**	7.9
Net lease movements	**(1.3)**	(5.4)
Bank overdraft utilised	**–**	2.9
Borrowings acquired/drawn-down	**0.3**	60.0
Repayments of borrowings	**–**	(60.0)
Closing borrowings balance	**4.4**	5.4

Reconciliation to net funds:

	2022 £m	2021 £m
Closing borrowings balance	**(4.4)**	(5.4)
Cash and cash equivalents (Note 18)	**68.7**	52.9
Net funds	**64.3**	47.5

The facilities at 30 January 2022 were 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**	**–**
CBILS Revolving credit facility – three years, expires May 2024	**0.1**	**0.1**	**–**
	35.4	**0.3**	**35.1**

The facilities as at 24 January 2021 were as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facility – three years, expires February 2022	20.0	–	20.0
Revolving credit facility – three years, expires February 2022	20.0	–	20.0
Revolving credit facility – five years, expires February 2025	20.0	–	20.0
Overdraft	5.0	2.9	2.1
	65.0	2.9	62.1

Notes to the Accounts continued

23. Trade and other payables

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Trade payables	**15.8**	7.3	**13.7**	5.2
Other taxes and social security costs	**1.1**	7.2	**1.1**	7.2
Accruals	**37.1**	28.9	**32.6**	27.1
Amounts due to subsidiary companies	**–**	–	**12.2**	7.6
	54.0	43.4	**59.6**	47.1
Non-current	**–**	–	**–**	–
Current	**54.0**	43.4	**59.6**	47.1
	54.0	43.4	**59.6**	47.1

The year on year increase in accruals reflects the reintroduction of employees incentives, the consolidation of MOMA and an element of phasing relating to marketing and trade investment. Included in trade payables are brand support discounts and cost accruals of £18.1m (2021: £13.8m).

The tables below analyse the Group and Company's financial liabilities into the relevant maturity groupings based on the remaining period to the contractual maturity date as at the statement of financial position date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

Group **As at 30 January 2022**	**Trade payables £m**	**Financial instruments £m**	**Total £m**
0 to 6 months	**15.8**	**–**	**15.8**
	15.8	**–**	**15.8**

As at 24 January 2021	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	7.3	–	7.3
	7.3	–	7.3

As trade payables are not interest-bearing, their fair value is taken to be the book value.

Disclosures relating to borrowings are included in Note 22.

Company **At 30 January 2022**	**Trade payables £m**	**Financial instruments £m**	**Total £m**
0 to 6 months	**13.7**	**12.2**	**25.9**
	13.7	**12.2**	**25.9**

At 24 January 2021	Trade payables £m	Financial instruments £m	Total £m
0 to 6 months	5.2	7.6	12.8
	5.2	7.6	12.8

As trade payables are not interest-bearing, their fair value is taken to be the book value.

Disclosures relating to borrowings are included in Note 22.

The table below details changes in the Group and Company's liabilities arising from financing activities, including both cash and non-cash changes.

Group	24 January 2021 £m	New leases £m	Financing cash flows £m	**30 January 2022 £m**
Lease liabilities (Note 14)	2.5	3.1	(1.5)	**4.1**
Total liabilities from financing activities	2.5	3.1	(1.5)	**4.1**

24. Provisions

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Opening provision	**1.9**	1.2	**1.9**	1.2
Provision created during the year	**0.6**	3.0	**0.4**	3.0
Provision utilised during the year	**(0.5)**	(2.3)	**(0.5)**	(2.3)
Closing provision	**2.0**	1.9	**1.8**	1.9

The provisions above primarily relate to redundancy costs for business reorganisation, chiller and vendor disposal, and for any known obligations for substantial repairs and supplier related commitments. The majority of the provisions are expected to be utilised within 12 months.

Notes to the Accounts continued

25. Put liability

	Group 2022 £m	Group 2021 £m
Put liability	**5.0**	–

The put liability has been derived from an internal valuation, using forecast revenue over the exercise period, discounted at a post-tax rate of 18% and assuming that the option is exercised in full in the third year following the date of acquisition. The liability is sensitive to reasonably possible changes in assumptions. If forecast performance increases or decreases by 25%, the value of the liability would decrease or increase by around £2m – £3m.

Details of the acquisition of MOMA are provided in Note 16.

26. Deferred tax assets and liabilities

Group	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Share-based payments £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax liability £m
At 25 January 2020	–	0.1	0.1	(1.7)	(0.3)	(12.6)	(14.6)	(14.5)
(Credit)/charge to the income statement (Note 9)	–	–	–	(1.1)	0.1	0.8	(0.2)	(0.2)
Charge to other comprehensive income	–	–	–	0.4	–	–	0.4	0.4
Credit to other reserves	–	(0.1)	(0.1)	–	(0.2)	–	(0.2)	(0.3)
At 24 January 2021	–	–	–	(2.4)	(0.4)	(11.8)	(14.6)	(14.6)
(Credit)/charge to the income statement (Note 9)	**–**	**–**	**–**	**(2.8)**	**0.3**	**(5.1)**	**(7.6)**	**(7.6)**
Charge to other comprehensive income	**–**	**–**	**–**	**0.3**	**–**	**–**	**0.3**	**0.3**
Change to equity	**–**	**–**	**–**	**–**	**0.4**	**–**	**0.4**	**0.4**
At 30 January 2022	**–**	**–**	**–**	**(4.9)**	**0.3**	**(16.9)**	**(21.5)**	**(21.5)**

Company	Share-based payments £m	Foreign exchange contract hedge £m	Total deferred tax asset £m	Retirement benefit obligations £m	Share-based payments £m	Accelerated tax depreciation £m	Total deferred tax liability £m	Net deferred tax liability £m
At 25 January 2020	–	0.1	0.1	(1.7)	(0.3)	(4.0)	(6.0)	(5.9)
(Charge)/credit to the income statement	–	–	–	(1.1)	0.1	1.6	0.6	0.6
Charge to other comprehensive income	–	–	–	0.4	–	–	0.4	0.4
Credit to other reserves	–	(0.1)	(0.1)	–	(0.2)	–	(0.2)	(0.3)
At 24 January 2021	–	–	–	(2.4)	(0.4)	(2.4)	(5.2)	(5.2)
(Charge)/credit to the income statement	**–**	**–**	**–**	**(2.8)**	**0.3**	**(2.0)**	**(4.5)**	**(4.5)**
Charge to other comprehensive income	**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.6**	**0.6**
At 30 January 2022	**–**	**–**	**–**	**(4.9)**	**0.2**	**(4.4)**	**(9.1)**	**(9.1)**

No deferred tax asset is recognised in the statement of financial position for unused capital losses within the Company of £4.0m (2021: £4.0m).

27. Financial risk management

Financial risk factors

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 Board has delegated its responsibility for the Group's overall financial risk programme to the Treasury and Commodity Committee; this risk programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out in accordance with policies approved by the Board of Directors. Management identifies, evaluates and manages financial risks in close cooperation with the Group's business units. The Board provides guidance on overall market risk management, including use of derivative financial instruments and investment of excess liquidity.

In addition, the Treasury and Commodity Committee deals with a range of other treasury matters, details of which are provided in the Corporate Governance Report.

Market risk

Foreign exchange risk

The Group operates internationally. The Group primarily buys and sells in Sterling but does make purchases and sales denominated in US Dollars and Euros. Due to the hedging arrangements that have been in place for the year ended 30 January 2022, if Sterling had weakened/strengthened by 10% against the US Dollar or Euro, with all other variables held constant, there would have been an immaterial effect on post-tax profit (year ended 24 January 2021: immaterial impact on post-tax profit).

The Group periodically enters into option contracts to purchase foreign currencies for known purchases where the value and volume of trading purchases is known. The Treasury and Commodity Committee assesses whether hedge accounting should be applied for each forward option contract.

Price risk

The Group is not exposed to equity securities price risk because no such investments are held by the Group other than within pension scheme assets.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities, including sugar, plastic, aluminium and mango, is managed through the use of forward physical supply contracts, primarily to convert floating or indexed prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk policies and is continually monitored by the Treasury and Commodity Committee. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

All of the Group's commodity derivatives are treated as "own use" contracts, which are outside the scope of IFRS 9, since they are both entered into, and continue to be held, for the purposes of the Group's ordinary operations, and are not net settled (the Group takes physical delivery of the commodity concerned). "Own use" contracts do not require accounting entries until the commodity purchase actually crystallises.

The majority of the Group's forward physical contracts and commodity derivatives have original maturities of less than one year.

As all of the commodity contracts qualify for the "own use" treatment, no sensitivity analysis has been carried out.

Notes to the Accounts continued

27. Financial risk management continued

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates.

For the year ended 30 January 2022, if interest rates on Sterling-denominated borrowings at that date had been 0.5% higher/lower, with all other variables held constant, there would have been an immaterial change in the post-tax profit for the year (year ended 24 January 2021: immaterial impact on post-tax profit).

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to major and direct to store customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. If major customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control processes assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by senior management, based on internal or external ratings. The utilisation of credit limits is regularly monitored. Sales to direct to store customers are largely settled in cash in order to manage credit risk from smaller, independent stores.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining sufficient cash reserves and the availability of borrowing facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. This is carried out at a Group level and involves projecting forward cash flows and considering the level of liquid assets necessary to meet excesses of expenditure relative to income.

A liquidity analysis is included in Note 22.

Capital risk management

The Group defines "capital" as being net debt plus equity.

The Group's objective when managing capital is to maintain an appropriate capital structure to balance the needs of the Group, whilst operating within its bank covenants.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group has a number of options available to it, including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the Group balances returns to shareholders between long-term growth and current returns whilst maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The Group monitors existing equity in issuance on the basis of the net debt/EBITDA (before exceptional items) ratio. Net debt is calculated as being the net of cash and cash equivalents, interest-bearing loans and borrowings. The net debt position is discussed in the Financial Review on pages 46 to 49. The net debt/EBITDA (before exceptional items) ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors. The Group believes that the current net debt/EBITDA (before exceptional items) ratio together with existing shares in issuance provides a secure capital structure with a strong level of financial flexibility to enable the Group to take advantage of opportunities that may arise.

For the year ended 30 January 2022, there was a net cash surplus of £64.3m (year ended 24 January 2021: net cash surplus of £47.5m) with cash and cash equivalent balances of £68.7m and bank borrowings of £0.3m (year ended 24 January 2021: cash and cash equivalents balance of £52.9m and bank borrowings of £2.9m).

The Group monitors capital efficiency on the basis of the return on capital employed ratio (ROCE). In the financial year ended 30 January 2022, ROCE remained strong at 19.6% (2021: 16.0%).

28. Retirement benefit obligations

During the year, the Company operated two pension schemes, the A.G. BARR p.l.c. (2005) Defined Contribution Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a funded defined benefit scheme based on final salary, which also includes a defined contribution section for the pension provision of the new executive entrants. Under the defined benefit scheme, the employees are entitled to retirement benefits based on final pensionable pay. No other post-retirement benefits are provided. All assets held in the defined contribution schemes were transferred to the A.G. Barr Retirement Plan in September 2021.

Defined benefit scheme: Actuarial valuation

The assets of the schemes are held separately from those of the Company and are invested in managed funds. A full valuation of the defined benefit scheme was conducted as at 5 April 2020 using the attained age method and a deficit of £7.7m was determined at that date.

The defined benefit scheme exposes the Group to actuarial risks such as longevity risk, interest rate risk and market investment risk.

Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the board of trustees. The board of trustees is composed of representatives from the Company scheme members and an independent trustee in accordance with the plan's rules.

Defined benefit scheme: IAS 19 information

The full actuarial valuation carried out at 5 April 2020 was updated to 30 January 2022 by a qualified independent actuary.

The valuation used for the defined benefit schemes has been based on market conditions as at the Company year end.

The amounts recognised in the statement of financial position are as follows:

	Group		Company	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Present value of funded obligations	**(114.9)**	(123.9)	**(114.9)**	(123.9)
Fair value of scheme assets	**113.9**	116.0	**113.9**	116.0
Deficit recognised under IAS 19	**(1.0)**	(7.9)	**(1.0)**	(7.9)
Company contribution made to pension scheme in the year to 26 January 2014	**–**	–	**16.1**	16.8
(Deficit)/surplus recognised in the statement of financial position	**(1.0)**	(7.9)	**15.1**	8.9

Notes to the Accounts continued

28. Retirement benefit obligations continued

The movement in the defined benefit obligation over the year is as follows:

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 24 January 2021	116.0	(123.9)	(7.9)
Current and past service cost	–	(0.1)	(0.1)
Interest income/(expense)	1.6	(1.7)	(0.1)
Total cost recognised in income statement	1.6	(1.8)	(0.2)
Remeasurements			
– changes in demographic assumptions	–	(0.9)	(0.9)
– changes in financial assumptions	–	9.5	9.5
– experience	–	(2.2)	(2.2)
– actuarial return on assets excluding amounts recognised in net interest	(1.7)	–	(1.7)
Total remeasurements recognised in other comprehensive income	(1.7)	6.4	4.7
Cashflows			
Employer contributions	2.4	–	2.4
Benefits paid	(4.4)	4.4	–
Total cash outflow	(2.0)	4.4	2.4
At 30 January 2022	**113.9**	**(114.9)**	**(1.0)**

This table excludes the Company contribution made to the pension scheme through the asset-backed funding arrangement as described below and reconciled in the table above.

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 Company made a £1.0m contribution to the scheme each year in May 2016 through May 2021 and will make a further contribution of £1.0m in May 2022.

The movement in the defined benefit obligation in the year to 25 January 2021 was as follows:

Group and Company	Fair value of plan assets £m	Present value of obligation £m	Total £m
At 25 January 2020	116.8	(127.3)	(10.5)
Current service cost and past service cost	–	(0.1)	(0.1)
Interest income/(expense)	1.8	(2.0)	(0.2)
Total cost recognised in income statement	1.8	(2.1)	(0.3)
Remeasurements			
– changes in demographic assumptions	–	5.1	5.1
– changes in financial assumptions	–	(5.9)	(5.9)
– experience	–	0.4	0.4
– actuarial return on assets excluding amounts recognised in net interest	1.0	–	1.0
Total remeasurements recognised in other comprehensive income	1.0	(0.4)	0.6
Cashflows			
Employer contributions	2.3	–	2.3
Benefits paid	(5.9)	5.9	–
Total cash outflow	(3.6)	5.9	2.3
At 24 January 2021	116.0	(123.9)	(7.9)

In the year to 26 January 2019, an exceptional charge of £0.7m was included for the past service cost in respect of the equalisation of guaranteed minimum pensions (GMP) benefits. This related to a 26 October 2018 High Court judgment involving Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that the schemes should equalise pension benefits for men and women in relation to GMP benefits. The judgment has implications for many pension schemes, including the A.G. Barr defined benefit schemes. The £0.7m expense reflected the best estimate of the effect on our reported pension liabilities. Following a 20 November 2020 ruling regarding equalisation in relation to transfer payments that may have been made going back to 1990, a further £54k has been provided in relation to these liabilities and is included in the current and past service costs in the table above.

This table excludes the Company contribution made to the pension scheme through the asset-backed funding arrangement as described below and reconciled in the table above.

Asset-backed funding arrangement
During the year to 26 January 2014, the Company established the A.G. BARR Scottish Limited Partnership (the "Partnership") and through the Partnership has entered into a long-term pension funding arrangement with the Pension Scheme.

Under this arrangement certain property assets were transferred into the Partnership and are being leased back to A.G. BARR p.l.c. under a 21-year lease agreement, generating an income stream of £1.1m per annum for the pension scheme, increasing annually in line with inflation.

The Partnership is controlled by A.G. BARR p.l.c. and its results are consolidated by the Group. The value of the properties transferred into the Partnership remains included on the Group's and Company's balance sheet at carrying values at the date of transfer with the Group and Company retaining full operational control over these properties.

Notes to the Accounts continued

28. Retirement benefit obligations continued

At the end of the term of the relevant lease, or earlier if the Scheme becomes fully funded to the extent that the members' benefits can be secured with an insurance company, the Company has the option to repurchase the properties in the Partnership for an agreed fixed price.

A "structured entity" is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements. As outlined above, during a prior year, certain freehold properties were transferred to a limited Partnership (a structured entity) established by the Group, the main purpose of which is to lease these properties to a Group company and, as a result, to provide the Group's pension scheme with a distribution of profits in the Partnership.

The distribution is subject to discretion exercisable by the Group in certain circumstances; however, given that the Group has the ability to control the limited Partnership by making an additional contribution into the Scheme, it is the view of the directors that the Group controls the limited Partnership and therefore it is treated as a consolidated entity.

The carrying value of the properties sold to the Partnership and leased back to the Company remain included on the Group's and Company's balance sheet and continue to be depreciated in line with the Group's and Company's accounting policies with the Group and Company retaining full operational control over these properties.

The Group has taken advantage of the exemption conferred by Regulation 7 of the Partnerships (Accounts) Regulations 2008 and has, therefore, not appended the accounts of this qualifying partnership to these financial statements. Separate accounts for the Partnership are not required to be, and have not been, filed at UK Companies House.

As part of the funding arrangement, the Company made a one-off payment to the Pension Scheme of £20.4m to allow it to invest in the Partnership and in prior years this has been treated as a reduction in the carrying value of the retirement benefit obligation.

As the Partnership results are consolidated within the Group results, no balances are recognised in the consolidated statement of financial position.

Financial assumptions

	2022	2021
Discount rate	**2.2%**	1.4%
Inflation assumption	**3.6%**	2.9%

Mortality assumptions

	2022	2021
Average future life expectancy (in years) for a male pensioner aged 65	**22**	22
Average future life expectancy (in years) for a female pensioner aged 65	**24**	23
Average future life expectancy (in years) at age 65 for a male non-pensioner aged 45	**23**	23
Average future life expectancy (in years) at age 65 for a female non-pensioner aged 45	**26**	25

The mortality tables adopted in finalising the fair value of the liabilities are the 2019 VITA tables based on the member's year of birth. This assumes that the expected age at death for males is 87 to 88 and for females is 89 to 91, depending on their age at 30 January 2022.

The fair value of scheme assets at the year end dates is analysed as follows:

	2022		2021	
	Quoted* £m	**Unquoted £m**	Quoted* £m	Unquoted £m
Equities	**6.3**	**–**	31.4	–
Bonds	**33.0**	**–**	20.8	–
Debt	**21.8**	**–**	6.8	–
Cash	**–**	**6.4**	–	6.4
Buy-in policy	**–**	**46.4**	–	50.6
Total market value of scheme assets	**61.1**	**52.8**	59.0	57.0

* Quoted prices for identical assets or liabilities in active markets.

Sensitivity review

The sensitivity of the overall pension liability to changes in the principal assumptions is:

Year ended 30 January 2022	**Change in assumption**	**Impact on overall liabilities**
Discount rate	Increase/decrease by 1%	Decreases/increases liabilities by £20.4m
Rate of inflation	Increase/decrease by 1%	Increases/decreases liabilities by £6.8m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £4.6m

Year ended 24 January 2021	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.5%	Decreases/increases liabilities by £11.8m
Rate of inflation	Increase/decrease by 0.5%	Increases/decreases liabilities by £4.9m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £5.0m

Methods and assumptions used in preparing the sensitivity analyses

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Scheme's liabilities. They have been calculated consistently with last period's disclosures, however these change over time with financial conditions and assumptions.

Risks to which the Scheme exposes the Company

The nature of the Scheme exposes the Company to the risk of paying unanticipated additional contributions to the Scheme in times of adverse experience. The most financially significant risks are likely to be:

– Asset volatility

The Scheme's liabilities are calculated using a discount rate set with reference to corporate bond yields in line with the requirements of IAS 19R. If the Scheme assets underperform this yield, this will create a deficit. The plan holds investments in a portfolio of equity and bonds, which are expected to outperform corporate bonds in the long term but provide volatility and risk in the short term.

The Trustees have made a number of steps to control the level of investment risk within the Scheme. The Trustee and the Company agreed in April 2016 to purchase an annuity policy with Canada Life to cover all future pension payments to certain members of the Scheme. This policy was purchased at a cost of £34.7m and secures the total amount of future pension payments for 100 of the Scheme's pensioner members. A second annuity contract was purchased with Canada Life in September 2019 at a cost of £22.7m and secures the total amount of future pension payments for 82 of the Scheme's pensioner members. The Trustees will continue to review the risk exposures in light of the longer-term objectives of the Scheme.

Notes to the Accounts continued

28. Retirement benefit obligations continued

– Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities. In the event of a reduction in the corporate bond yields, there will be an increase in the value of the Scheme's bond holdings.

– Inflation risk

The Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the Scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.

– Life expectancy

The Scheme's obligation is to provide benefits for the life of the members. An increase in life expectancy will result in an increase in the Scheme's liabilities.

Policy for recognising gains and losses

The Company recognises actuarial gains and losses immediately, through the remeasurement of the net defined benefit liability.

Asset-liability matching strategies used by the Scheme or the Company

The Scheme does not currently use any specific asset-liability matching strategies. The Trustees' current investment strategy, having consulted with the Company, is to invest c.40% of the Scheme's assets in a mix of equities and diversifying return seeking assets, with the balance in long dated gilts and corporate bonds, in order to strike a balance between:

- maximising the returns on the Scheme's assets; and
- minimising the risks associated with the lower than expected returns on the Scheme's assets.

Description of funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated March 2018 sets out the current contributions payable by the Company to the Scheme to eliminate the Scheme deficit. This is in addition to the rental income stream from the asset-backed funding arrangement, which is a commitment that will offset the requirement for future deficit contributions.

Expected contributions over the next accounting period

A.G. BARR p.l.c. expects to contribute £1.0m to the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme for the year to 29 January 2023 in respect of commitments in relation to the Schedule of Contributions, and the Scheme expects to receive further contributions of approximately £1.3m from the asset-backed funding arrangement in which the Scheme holds an interest.

The weighted average duration of the defined benefit obligation is 18 years.

The expected maturity analysis of the undiscounted defined benefit pension benefit, estimated on the Scheme's funding is as follows:

	Less than one year	One to two years	Two to five years	Greater than five years
Proportion of total pension benefits to be paid as at 5 April 2021	**2%**	**2%**	**7%**	**89%**
Proportion of total pension benefits to be paid as at 5 April 2020	2%	2%	7%	89%

Note the above disclosure is given as at the date of the last signed financial statements for the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme, and for the comparative year.

Defined contribution scheme

The pension costs for the defined contribution schemes are as follows:

	2022 £m	2021 £m
Defined contribution costs	**3.8**	3.6

29. Share capital

	2022		2021	
	Shares	**£m**	Shares	£m
Authorised, issued and fully paid	**112,028,871**	**4.7**	112,028,871	4.7

The Company has one class of ordinary shares which carry no right to fixed income. The shares have a nominal value of 4 1/6 pence.

During the year to 30 January 2022, the Company's employee benefit trusts purchased 42,778 shares (2021: 47,061) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 30 January 2022, the shares held by the Company's employee benefit trusts represented 782,873 (2021: 871,660) shares at a purchased cost of £4.7m (2021: £5.2m).

Share repurchase programme

During the year ended 25 January 2020, the Group completed a share repurchase programme, purchasing 1,915,772 shares at a total cost of £30.0m. The permanent capital has been replaced through the creation of a Capital Redemption Reserve, which is included in "Other reserves" within equity.

The cash flow hedge reserve is also included in "Other reserves" in equity and records the effective portion of movements in the fair value of forward foreign exchange contracts that have been designated as part of a cash flow hedge relationship.

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses.

30. Share-based payments

As disclosed in the Directors' Remuneration Report, the Group runs a number of share award plans and share option plans:

- Savings Related Share Option Scheme which is open to all employees
- LTIP and ESOS options which are granted to directors
- AESOP awards that are available to all employees

Share-based payment costs and related deferred and current tax charges are recognised within the share option reserve.

Savings Related Share Option Scheme (SAYE)

All SAYEs outstanding at 30 January 2022 and 24 January 2021 have no performance criteria attached other than the requirement for the employee to remain in the employment of the Company and to continue contributing to the plan. Options granted under the SAYE must be exercised within six months of the relevant award vesting date.

The SAYE is open to all qualifying employees in employment at the date of inception of the scheme. Options are normally exercisable after three years from the date of grant. The price at which options are offered is not less than 80% of the average of the middle-market price of the five dealing days immediately preceding the date of invitation.

Notes to the Accounts continued

30. Share-based payments continued

The movements in the number of share options outstanding and their related weighted average exercise prices determined using the Black-Scholes valuation model are as follows:

	2022		2021	
	Options	Average exercise price in pence per share	Options	Average exercise price in pence per share
At start of the year	**896,005**	**535p**	726,367	610p
Granted in the year	**377,647**	**459p**	499,393	428p
Forfeited	**(495,553)**	**559p**	(329,755)	538p
Exercised	**(98,341)**	**460p**	–	–p
At end of the year	**679,758**	**486p**	896,005	535p

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	SAYE 26 May 2021
Number of share awards granted	**280,820**
Share price at date of grant	**575p**
Contractual life in years	**3**
Dividend yield	**0%**
Expected outcome of meeting performance criteria (at grant date)	**70%**
Fair value determined at grant date	**142p**

None of the options listed above were exercisable at the respective year end dates. The outstanding options at the year end had exercise prices of £6.20, £7.45, £4.28 and £4.59 (2021: £5.67, £6.20 and £7.45 and £4.28).

The weighted average share price on the dates that options were exercised in the year to 30 January 2022 was £5.19.

The weighted average remaining contractual life of the outstanding share options at the year end is two years (2021: two years).

LTIP

During the year, an award of shares was made to the executive directors as disclosed in the Directors' Remuneration Report.

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	LTIP 12 April 2021
Number of share awards granted	317,161
Share price at date of grant	505p
Contractual life in years	3
Dividend yield	0%
Expected outcome of meeting performance criteria (at grant date)	50%
Fair value determined at grant date	504p

AESOP

As described in the Directors' Remuneration Report, there are two elements to the AESOP.

The partnership share element provides that for every two shares (year to 24 January 2021: two shares) that a participant purchases in A.G. BARR p.l.c., up to a maximum contribution of £150 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years, the shares can be released tax free to the participant.

The second element of free shares allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,600 and the shares awarded are held in trust for five years.

Under the terms of the AESOP rules, any award of free shares to employees is made by the Trustee of the AESOP subject to the Company's consent.

Notes to the Accounts continued

31. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and related parties are as follows:

	Purchase of goods and services	
	2022 £m	2021 £m
Rubicon Drinks Limited	**5.3**	3.8

The amounts disclosed in the table below are the amounts owed to and due from subsidiary companies that are trading subsidiaries.

The balances are unsecured and are due on demand. The difference between the total of these balances and the amounts disclosed as amounts due by (Note 20) and to subsidiary companies (Note 23) are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Rubicon Drinks Limited	**–**	–	**13.1**	8.6
Funkin Limited	**0.2**	1.2	**–**	–

The amounts disclosed in the table below are the amounts owed from investments in associates. The balance is an interest-free equity convertible loan note.

	Amounts due by related parties	
	2022 £m	2021 £m
Loans to associates		
Opening and closing balance	**1.0**	1.0

Compensation of key management personnel

The remuneration of the executive directors, non-executive directors and senior executives during the year was as follows:

	2022 £m	2021 £m
Salaries and short-term benefits	**4.6**	2.2
Post employment benefits	**0.4**	0.4
	5.0	2.6

The Directors' Remuneration Report can be found on pages 79 to 95.

Retirement benefit plans

The Group's retirement benefit plans are administered by an independent third-party service provider. During the year, the service provider charged the Group £0.5m (2021: £0.4m) for administration services in respect of the retirement benefit plans. At the year end, £nil (2021: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

32. Subsidiaries

The Group's subsidiaries at 30 January 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

			Ownership interest held by the Group		
Name of entity	Place of business/ country of incorporation	Address	**2022 %**	2021 %	Principal activities
Funkin Limited	UK	Milton Keynes	**100**	100	Distribution and selling of cocktail solutions
Funkin USA Limited	USA	Milton Keynes	**100**	100	Distribution and selling of cocktail solutions
Rubicon Drinks Limited	UK	Milton Keynes	**100**	100	Manufacturing, distribution and selling of exotic soft drinks
A.G. BARR Capital Partner Limited	UK	Milton Keynes	**100**	100	Investment holding company
A.G. BARR General Partner Limited	UK	Cumbernauld	**100**	100	Investment holding company
A.G. BARR Pension Trustee Limited	UK	Cumbernauld	**100**	100	Investment holding company
A.G. BARR Scottish Limited Partnership	UK	Cumbernauld	**100**	100	Investment holding company
Robert Barr Limited	UK	Cumbernauld	**100**	100	Non-trading entity
Mandora St Clements Limited	UK	Milton Keynes	**100**	100	Non-trading entity
Tizer Limited	UK	Milton Keynes	**100**	100	Non-trading entity
A.G. BARR (Ireland) Limited	Republic of Ireland	Dublin	**100**	100	Non-trading entity
MOMA Foods Limited	UK	London	**61.8**	–	Distribution and selling of plant-based milks and porridge

The full address for Cumbernauld is: Westfield House, 4 Mollins Road, Cumbernauld, Scotland, G68 9HD.

The full address for Milton Keynes is: Crossley Drive, Magna Park, Milton Keynes, England, MK17 8FL.

The full address for Dublin is: 25-28 North Wall Quay, Dublin 1, Dublin, Ireland.

The full address for London is: Brock House, 19 Langham Street, London, W1W 6BP.

33. Subsequent events

There have been no events that have had a material impact on the Group after the balance sheet date.

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.

Definition 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 cash flow statement.

EBITDA is a non-GAAP measure and is defined as operating profit before exceptional items, depreciation and amortisation.

EBITDA margin is a non-GAAP measure and is calculated as EBITDA divided by revenue.

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

Expansionary capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is not the normal replacement of property, plant and equipment that has come to the end of its useful life. Maintenance capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is the normal replacement of property, plant and equipment that has come to the end of its useful life. Expansionary capex and maintenance capex add together to the value of purchase of property, plant and equipment that appears in the consolidated cash flow statement.

Free cash flow is a non-GAAP measure and is defined as the net cash flow as per the cash flow statement excluding the movements in borrowings, expansionary capex, the net cash flow on the purchase and sale of shares by employee benefit trusts, dividend payments and non-cash exceptional items.

Full year dividend is a non-GAAP measure and is defined as the total dividends declared for the financial year excluding any special dividends.

Gross margin is a non-GAAP measure calculated by dividing gross profit by revenue.

Market capitalisation is a non-GAAP measure and is defined as the closing share price at the end of a reporting period multiplied by the number of issued and fully paid shares of the Company.

Net cash at bank is a non-GAAP measure and is defined as the net of cash and cash equivalents and loans and other borrowings as shown in the statement of financial position.

Net funds is a non-GAAP measure and is defined as cash and cash equivalents less lease liabilities.

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

Operating margin before exceptional items is a non-GAAP measure calculated by dividing operating profit before exceptional items by revenue.

Operating profit before exceptional items is a non-GAAP measure calculated as operating profit less any exceptional items. This figure appears on the income statement.

Profit before tax and exceptional items is a non-GAAP measure calculated as profit before tax less any exceptional items. This figure appears on the income statement.

Revenue growth is a non-GAAP measure calculated as the difference in revenue between two reporting periods divided by the revenue of the earlier reporting period.

Return on capital employed (ROCE) is a non-GAAP measure and is defined as profit before tax and exceptional items as a percentage of invested capital. Invested capital is a non-GAAP measure defined as period end non-current plus current assets less current liabilities excluding all balances relating to any provisions, financial instruments, interest-bearing liabilities and cash or cash equivalents.

Reconciliation of Non-GAAP Measures

Gross margin

	2022 £m	2021 £m
Revenue	**268.6**	227.0
Reported gross profit	**118.6**	93.6
Gross margin	**44.2%**	41.2%

Gross margin before exceptional items

	2022 £m	2021 £m
Revenue	**268.6**	227.0
Gross profit before exceptional items	**118.6**	94.8
Gross margin before exceptional items	**44.2%**	41.8%

Operating margin

	2022 £m	2021 £m
Revenue	**268.6**	227.0
Reported operating profit	**42.7**	26.8
Operating margin	**15.9%**	11.8%

Operating margin before exceptional items

	2022 £m	2021 £m
Revenue	**268.6**	227.0
Operating profit before exceptional items	**42.0**	33.6
Operating margin before exceptional items	**15.6%**	14.8%

EBITDA

	2022 £m	2021 £m
Operating profit before exceptional items	**42.0**	33.6
Depreciation and amortisation	**11.2**	12.9
EBITDA	**53.2**	46.5

EBITDA margin

	2022 £m	2021 £m
Revenue	**268.6**	227.0
EBITDA	**53.2**	46.5
EBITDA margin	**19.8%**	20.5%

Full year dividend

	2022 p	2021 p
Interim dividend paid	**2.0**	–
Final dividend declared	**10.0**	–
Full year dividend	**12.0**	–

Net cash at bank

	2022 £m	2021 £m
Cash and cash equivalents	**68.7**	52.9
Loans and other borrowings	**(0.3)**	(2.9)
Net cash at bank	**68.4**	50.0

ROCE

	2022 £m	2021 £m
Profit before tax	**42.2**	26.0
Exceptional items	**(0.7)**	6.8
Profit before tax and exceptional items	**41.5**	32.8
Intangible assets	**98.6**	90.5
Property, plant and equipment	**93.8**	96.4
Right-of-use assets	**4.2**	2.5
Investment in associates	**0.7**	0.8
Inventories	**24.2**	19.3
Trade and other receivables	**44.3**	37.6
Asset held for sale	**–**	0.4
Current tax	**0.3**	0.7
Trade and other payables	**(54.0)**	(43.4)
Invested capital	**212.1**	204.8
ROCE	**19.6%**	16.0%

Notice of Annual General Meeting

THE FOLLOWING INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to any matter referred to in this report or as to the action you should take, you should seek your own personal financial advice from: (i) a stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom; or (ii) another appropriately authorised independent financial adviser if you are not resident in the United Kingdom.

If you have sold or otherwise transferred all of your shares in A.G. BARR p.l.c., please pass this report, together with the accompanying documents (except the accompanying personalised form of proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the one hundred and eighteenth Annual General Meeting of A.G. Barr p.l.c. (the "**Company**") will be held at the offices of Ernst and Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY on **Friday 27 May 2022 at 12.00 p.m.** to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 15 (inclusive) will be proposed as ordinary resolutions and Resolutions 16 and 17 will be proposed as special resolutions. Voting on each of the resolutions will be conducted by way of a poll.

1. To receive and approve the audited accounts of the group and the Company for the year ended 30 January 2022 together with the directors' and auditor's reports thereon.

2. To receive and approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report as set out on pages 76 to 78 and pages 79 to 95 respectively of the Company's annual report and accounts for the year ended 30 January 2022.

3. To declare a final dividend of 10.00 pence per ordinary share of 4 1/6 pence for the year ended 30 January 2022.

4. To elect Mr Mark Allen OBE as a director of the Company.

5. To re-elect Mr Roger Alexander White as a director of the Company.

6. To re-elect Mr Stuart Lorimer as a director of the Company.

7. To re-elect Mr Jonathan David Kemp as a director of the Company.

8. To re-elect Mr William Robin Graham Barr as a director of the Company.

9. To re-elect Ms Susan Verity Barratt as a director of the Company.

10. To elect Ms Zoe Louise Howorth as a director of the Company.

11. To re-elect Mr David James Ritchie as a director of the Company.

12. To re-elect Mr Nicholas Barry Edward Wharton as a director of the Company.

13. To re-appoint Deloitte LLP as the Company's auditor, to hold office until the conclusion of the next general meeting at which accounts are laid, and to authorise the audit and risk committee of the board of directors of the Company to fix their remuneration.

14. THAT the board of directors of the Company (the "**Board**") be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**") to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
 (a) up to an aggregate nominal amount of £1,555,956.54; and
 (b) up to a further aggregate nominal amount of £1,555,956.54 provided that: (i) they are equity securities (within the meaning of section 560 of the 2006 Act); and (ii) they are offered by way of a rights issue in favour of the holders of shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of shares held by them on that date subject to such exclusions or other arrangements as the Board deems necessary or expedient to deal with: (i) equity securities representing fractional entitlements; (ii) treasury shares; and / or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever,

 provided that this authority shall expire on the earlier of 31 July 2023 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

15. THAT the Company's All Employee Share Ownership Plan (the "**AESOP**") originally approved by shareholders at the Company's annual general meeting held on 21 May 2001 and re-approved at the Company's annual general meeting held on 21 May 2012, be and hereby is re-approved and the Company be and hereby is authorised to continue to make awards under, and otherwise operate, the AESOP in accordance with its terms until the conclusion of the annual general meeting of the Company to be held in 2032.

16. THAT, subject to the passing of resolution 14 set out in the notice of the annual general meeting of the Company convened for 27 May 2022 ("**Resolution 14**"), the board of directors of the Company (the "**Board**") be and it is hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "**2006 Act**"), to allot equity securities (within the meaning of section 560 of the 2006 Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 4 1/6 pence each in the capital of the Company ("**Ordinary Shares**")), wholly for cash either pursuant to the authority conferred on them by Resolution 14 or by way of a sale of treasury shares (within the meaning of section 560(3) of the 2006 Act) as if section 561(1) of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:
 (a) the allotment of equity securities, for cash, in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Board deem necessary or expedient to deal with: (i) equity securities representing fractional entitlements; (ii) treasury shares; and / or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and
 (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £233,393.48,

 provided that this authority shall expire on the earlier of 31 July 2023 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of this authority and the Board may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.

Notice of Annual General Meeting continued

17. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "**2006 Act**") to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 4 1/6 pence each in the capital of the Company ("**Ordinary Shares**"), on such terms and in such manner that the directors think fit, provided that:
    (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 11,202,887;
    (b) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;
    (c) the minimum price which may be paid for an Ordinary Share is an amount equal to its nominal value (in each case exclusive of associated expenses);
    (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 31 July 2023 and the conclusion of the next annual general meeting of the Company after the passing of this resolution, but a contract to purchase Ordinary Shares may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract; and
    (e) an Ordinary Share so purchased shall be cancelled or, if the directors so determine and subject to the provisions of applicable laws or regulations of the Financial Conduct Authority, held as a treasury share.

By order of the Board

Julie Barr
Company Secretary
26 April 2022

Registered Office
A.G. BARR p.l.c., Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD. Registered in Scotland SC005653.

Shareholders should also read the notes to this Notice of Annual General Meeting which are set out on pages 198 to 201 of this report. Those notes provide further information about shareholders' entitlement to attend, speak and vote at the Annual General Meeting (and their ability to appoint another person to do so on their behalf).

Explanatory Notes

The following notes provide an explanation of the resolutions to be considered at the 118th annual general meeting (the "AGM") of A.G. BARR p.l.c. (the "Company").

The board of directors of the Company (the "**Board**") considers that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

Resolutions 1 to 15 (inclusive) will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 16 and 17 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Receive and approve the reports and accounts

Shareholders are being asked to receive and approve the audited accounts of the group and the Company (as audited by Deloitte LLP) for the year ended 30 January 2022, together with the associated reports of the directors and auditor.

Resolution 2 – Directors' remuneration

The directors' remuneration report is divided into three parts: the annual statement by the chairman of the remuneration committee, the directors' remuneration policy and the directors' remuneration report.

- The annual statement by the chairman of the remuneration committee (which is set out on pages 76 to 78 of this report) provides a summary of the directors' remuneration policy and the directors' remuneration report.
- The directors' remuneration policy (which is set out on pages 96 to 109 of this report) sets out the Company's future policy on directors' remuneration.
- The directors' remuneration report (which is set out on pages 79 to 95 of this report) gives details of the payments and share awards made to the directors in connection with their and the Company's performance during the year ended 30 January 2022. It also details how the Company's policy on directors' remuneration will be operated in the coming year.

This resolution invites shareholders to approve the annual statement by the chairman of the remuneration committee and the directors' remuneration report (other than the part containing the directors' remuneration policy which was approved at the annual general meeting of the Company held in 2020 and which it is expected will not be voted on until the annual general meeting to be held in 2023) for the year ended 30 January 2022. This resolution is an advisory vote and will not affect the way in which the Company's remuneration policy has been implemented. Each year, shareholders will be given an advisory vote on the implementation of the directors' remuneration policy in relation to the payments and share awards made to directors during the year under review.

Resolution 3 – Final dividend

Shareholders are being asked to approve a final dividend of 10.00 pence per ordinary share of 4 1/6 pence for the year ended 30 January 2022. If shareholders approve the recommended final dividend, it will be paid on 10 June 2022 to all shareholders on the Company's register of members on 13 May 2022.

Resolutions 4 to 12 inclusive – Re-election and election of directors

The Company's Articles of Association require that all newly appointed directors retire at the first annual general meeting following their appointment. Consequently, Mr Mark Allen OBE and Ms Zoe Louise Howorth will retire and offer themselves for election.

The Board complies with the provisions of the UK Corporate Governance Code whereby all directors are subject to annual re-election. Accordingly, all other directors of the Company are retiring and offering themselves for re-election.

Notice of Annual General Meeting continued

Biographical details of the directors are set out on pages 58 to 59 of this report. The Board has confirmed that, following formal performance evaluation, all of the directors continue to perform effectively and demonstrate commitment to their roles. The Board therefore unanimously recommends the proposed re-election (or election in the case of Mr Mark Allen OBE and Ms Zoe Louise Howorth) of the directors.

Resolution 13 – Re-appointment of auditor

The Company is required to appoint an auditor at each general meeting at which accounts are presented to shareholders and Deloitte LLP have indicated their willingness to continue in office. Accordingly, shareholders are being asked to approve the re-appointment of Deloitte LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit and risk committee of the Board to fix their remuneration.

Resolution 14 – Authority to allot shares

The directors may not allot shares in the Company unless authorised to do so by shareholders in general meeting. Sub-paragraph (a) of Resolution 14, if passed, will authorise the directors to allot shares having an aggregate nominal value of up to £1,555,956.54, representing approximately one third of the Company's issued share capital as at 20 April 2022 (being the latest practicable date prior to the publication of this report). The directors have no present intention to exercise this authority.

In line with guidance issued by the Investment Association, sub-paragraph (b) of Resolution 14, if passed, will authorise the directors to allot additional shares in connection with a rights issue having an aggregate nominal value of up to £1,555,956.54, representing approximately one third of the Company's issued share capital as at 20 April 2022 (being the latest practicable date prior to the publication of this report). The directors have no present intention to exercise the authority sought under sub-paragraph (b) of Resolution 14. However, if such authority is obtained, it will give the Company greater flexibility to allot additional shares for the purpose of a pre-emptive rights issue. This authority will be used when the directors consider it to be in the best interests of shareholders.

The authorities sought under Resolution 14 will expire on the earlier of 31 July 2023 (being the latest date by which the Company must hold its annual general meeting in 2023) and the conclusion of the annual general meeting of the Company held in 2023.

Resolution 15 – All Employee Share Ownership Plan

At the Company's annual general meeting held in 2001, shareholders were asked to approve the terms of the All Employee Share Ownership Plan (known as the 'AESOP'). The rules of the AESOP allow the Company to make share awards for up to 80 years – with the authority to do so expiring in 2081. Principles of good corporate governance recommend that schemes such as the AESOP should only exist for a period of 10 years before they end and a company asks its shareholders to consider putting in place a new scheme. Rather than terminating the existing AESOP and incurring the cost of setting up a new scheme, the Company has decided to seek shareholder approval for the continued operation of the AESOP. This is the second time the shareholders have been asked to re-approve the AESOP, following re-approval at the Company's annual general meeting held in 2012, and the Company intends to seek a similar shareholder approval every 10 years.

Resolution 16 – Disapplication of statutory pre-emption rights

If the directors wish to allot new shares for cash, the Companies Act 2006 states that the shares must be offered first to existing shareholders in proportion to their existing shareholdings. For legal, regulatory and practical reasons, it might not be possible or desirable for shares allotted by means of a pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might, in some circumstances, be in the Company's interests for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly, Resolution 16, if passed, will empower the directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment. The authority conferred by Resolution 16 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 16 will, if passed, confer authority on the directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 16 will, if passed, disapply shareholders' statutory pre-emption rights by empowering the directors to allot equity securities for cash on a non pre-emptive basis but only new equity securities having a maximum aggregate nominal value of £233,393.48, representing approximately 5% of the Company's issued share capital as at 20 April 2022 (being the latest practicable date prior to the publication of this report).

The authority sought under Resolution 16 will expire on the earlier of 31 July 2023 (being the latest date by which the Company must hold an annual general meeting in 2023) and the conclusion of the annual general meeting of the Company held in 2023.

Resolution 17 – Purchase of own shares

The Companies Act 2006 permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting.

Resolution 17, if passed, will give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than an amount equal to the nominal value of an ordinary share and not more than the higher of: (i) 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five dealing days before any purchase is made; and (ii) the higher of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The authority will enable the purchase of up to a maximum of 11,202,887 ordinary shares, representing approximately 10% of the Company's issued ordinary share capital as at the date of the AGM, and will expire on the earlier of 31 July 2023 (being the latest date by which the Company must hold an annual general meeting in 2023) and the conclusion of the annual general meeting of the Company held in 2023.

The directors will only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. Purchases would be financed out of distributable profits and shares purchased would either be cancelled (and the number of shares in issue reduced accordingly) or held as treasury shares.

The Company operates two share option schemes under which awards may be satisfied by the allotment or transfer of ordinary shares to a scheme participant. However, in practice, the Company has always satisfied awards to participants by the transfer of ordinary shares from the trustee of each of the schemes.

As at 20 April 2022 (being the latest practicable date prior to the publication of this report), options had been granted over 1,615,020 ordinary shares (the "**Option Shares**") representing approximately 1.44% of the Company's issued share capital at that date. If the authority to purchase the Company's ordinary shares (as described in Resolution 17) was exercised in full, the Option Shares would have represented approximately 1.60% of the Company's issued share capital as at 20 April 2022. As at 20 April 2022, the Company did not hold any treasury shares.

Notice of Annual General Meeting continued

NOTES

1. Attending the Annual General Meeting in person

If you wish to attend the Annual General Meeting ("**AGM**") in person, you should arrive at the venue for the AGM in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the "**Registrar**"), prior to being admitted to the AGM.

2. Appointment of a proxy

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

If a member wishes a proxy to speak on their behalf at the AGM, the member will need to appoint their own choice of proxy (not the Chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the proxy form accompanying this notice of AGM, electronically, through CREST, or through Proxymity.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA.

A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the "Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the resolution.

The appointment of a proxy will not prevent a member from attending the AGM and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint a proxy under the procedures set out in these notes and should read note 9 below.

3. Appointment of a proxy using a proxy form or electronically

A proxy form for use in connection with the AGM is enclosed. To be valid, any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA, or submitted electronically at **www.sharevote.co.uk** at least 48 hours before the time of the AGM or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA.

4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to: **www.euroclear.com**. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Appointment of a proxy through Proxymity
If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 12.00 p.m. on 25 May 2022 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

6. Appointment of a proxy by joint holders
In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

7. Corporate representatives
Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

8. Entitlement to attend and vote
To be entitled to attend and vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.30 p.m. on 25 May 2022 (or, if the AGM is adjourned, at 6.30 p.m. on the day two days prior to the adjourned meeting). Any changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to vote at the AGM.

Notice of Annual General Meeting continued

9. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "**2006 Act**") to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

10. Website giving information regarding the AGM

Information regarding the AGM, including information required by section 311A of the 2006 Act, and a copy of this notice of AGM is available from **www.agbarr.co.uk**.

11. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

12. Voting rights

As at 20 April 2022 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital consisted of 112,028,871 ordinary shares of 4 1/6 pence each, carrying one vote each. As at 20 April 2022, the Company did not hold any treasury shares. Therefore, the total voting rights in the Company as at 20 April 2022 were 112,028,871 votes.

13. Shareholder questions

Shareholders have the right to ask questions related to the business of the meeting. Shareholders can submit questions related to the business of the meeting by email to **agm2022@agbarr.co.uk**. Answers to shareholder questions will be sent to individual shareholders as soon as practically possible after the AGM.

14. Voting at the AGM

Shareholders are able to vote in advance of the meeting using their proxy form enclosed. The proxy form covers all resolutions to be proposed at the AGM.

Shareholders are being encouraged to submit their votes as early as possible and by no later than 48 hours before the time of the AGM. Votes can be submitted either by returning the proxy form in the post (postage is pre-paid), or electronically by following the instructions set out on the proxy form.

Voting on all resolutions at the AGM will be conducted by way of a poll. The results of the poll will be announced to the London Stock Exchange as soon as possible after the conclusion of the AGM and will be published on our website.

15. Notification of shareholdings
Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the AGM as his/her proxy will need to ensure that both he/she, and his/her proxy, comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

16. Further questions and communication
Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any general queries about the AGM should contact the Company Secretarial Department by email to: **companysecretarialdepartment@agbarr.co.uk**.

Members may not use any electronic address provided in this report or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.

17. Documents available for inspection
The following documents will be available for inspection on the day of the AGM at the offices of Ernst and Young LLP, G1 Building, 5 George Square, Glasgow, G2 1DY from 11.45 a.m. until the conclusion of the AGM:

17.1 copies of the service contracts of the Company's executive directors;
17.2 copies of the letters of appointment of the Company's non-executive directors; and
17.3 copies of the Company's All Employee Share Ownership Plan rules.

Notes

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