Britvic plc Preliminary Results – 23 November 2022

For the year ended 30 September 2022

‘A stronger, better Britvic’

Group Financial Headlines:

- Revenue increased 15.5%[1] to £1,618.3m (statutory +15.2%), driven by both price and volume
- Adjusted EBIT increased 16.0%[1] to £206.0m (statutory +16.7%), statutory EBIT increased 26.2%
- Adjusted EBIT margin increased 10bps[1] to 12.7% (statutory +10bps)
- Profit after tax increased 45.3% to £140.2m
- Adjusted earnings per share of 57.3p, up 29.3%
- Free cash flow generation of £128.8m, enabling debt reduction and £106m cash returned to shareholders through dividends and share buyback
- Strong balance sheet with adjusted net debt to EBITDA ratio down to 1.9x
- Full year dividend +19.8% at 29p, reflecting the Board’s confidence in our prospects and strong balance sheet

Operational Highlights:

- Revenue growth led by our portfolio of family favourite brands, with growth in both retail and hospitality channels, which benefited from the good summer weather and no lockdown restrictions this year
- Brands have demonstrated the strength to take price, while maintaining volume growth
- Pricing activity, promotional strategy, management of our mix and disciplined cost control has helped to mitigate the impact of inflation
- Margin growth while investing in our people, brands, and infrastructure
- Supply chain resilience and capability a key enabler of growth
- Continued investment in and progress against our strategic growth opportunities, including:
    - Increased manufacturing capacity in GB, Brazil and France to meet consumer demand
    - ‘Beyond the Bottle’ growth through London Essence Freshly Infused and Aqua Libra dispense innovation
    - £108m revenue generated from innovation brands, +49% year on year
    - Further improvement in our sustainability metrics, as part of our Healthier People, Healthier Planet programme, including reducing our carbon emissions and calories per serve
- Current trading remains robust and in line with our expectations

	Year ended 30 September 2022 £m	Year ended 30 September 2021[2] £m	% change actual exchange rate (AER)	Underlying % change constant exchange rate[1]
Revenue	1,618.3	1,405.1	15.2%	15.5%
Adjusted EBIT	206.0	176.5	16.7%	16.0%
Adjusted EBIT margin	12.7%	12.6%	10bps	10bps
Adjusting EBIT items [3]	(13.6)	(24.1)	43.6%	
Statutory EBIT	192.4	152.4	26.2%	
Statutory EBIT margin	11.9%	10.8%	110bps	
Profit after tax	140.2	96.5	45.3%	
Basic EPS	52.6p	36.2p	45.5%	
Adjusted EPS	57.3p	44.3p	29.3%	
Full year dividend per share	29.0p	24.2p	19.8%	
Adjusted net debt/EBITDA	1.9x	2.1x	0.2x	
ROIC	16.4%	15.0%	140bps	

1. Adjusted for constant currency and the Ireland agency brands which ceased trading in March 2021.
2. Please refer to note 11 of the financial statements for details of SaaS arrangements restatement.
3. Adjusting EBIT items of £13.6m are detailed on page 33.

Simon Litherland, Chief Executive Officer commented:

"We have delivered excellent results, with strong growth in volume, revenue and profit, in the face of significant headwinds. Our strategy has momentum, delivering accelerated top-line growth through consistent execution across our portfolio of trusted brands. We recognise that there are significant inflationary pressures on our consumers, customers and suppliers, and we remain focused on mitigating costs in a responsible manner through efficiency initiatives and revenue management, while continuing to invest in our brands, people, sustainability and infrastructure.

Looking forward, the uncertain environment makes it difficult to forecast consumer demand in the near term. We draw confidence however from the continued resilience and growth of our category, our brands and our talented people. Our strategy is working, with clear drivers to continue our consistent track record of growth and delivery of superior returns for all our stakeholders."

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There will be a webcast of the presentation given today at 09:00am by Simon Litherland (Chief Executive Officer) and Joanne Wilson (Chief Financial Officer). The webcast will be available at www.britvic.com/investors with a transcript available in due course.

About Britvic

Britvic is an international soft drinks business rich in history and heritage. Founded in England in the 1930s, it has grown into a global organisation with 37 much-loved brands sold in over 100 countries. The company combines its own leading brand portfolio including Fruit Shoot, Robinsons, Tango, J2O, London Essence, Teisseire and MiWadi with PepsiCo brands such as Pepsi, 7UP and Lipton Ice Tea which Britvic produces and sells in Great Britain and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in Great Britain and the number two supplier of branded carbonated soft drinks in Great Britain. Britvic is an industry leader in the island of Ireland with brands such as MiWadi and Ballygowan, in France with brands such as Teisseire, Pressade and Moulin de Valdonne and in its growth market, Brazil, with Maguary, Bela Ischia and Dafruta. Britvic is growing its reach into other territories through franchising, export, and licensing.

Britvic is a purpose-driven organisation with a clear vision and a clear set of values. Our purpose, vision and values sit at the heart of our company, driving us forward together to create a better tomorrow. We want to contribute positively to the people and world around us. This means ensuring that our sustainable business practices, which we call Healthier People, Healthier Planet, are embedded in every element of our business strategy.

Britvic is listed on the London Stock Exchange under the code BVIC and is a constituent of the FTSE 250 index. Find out more at Britvic.com

Cautionary note regarding forward-looking statements

This announcement includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors such as the COVID-19 pandemic, which may cause the actual results, performance, or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published.

Market data

GB take-home market data referred to in this announcement is supplied by Nielsen and runs to 24 September 2022. ROI take-home market data referred to is supplied by Nielsen and runs to 24 September 2022. French market data is supplied by Nielsen and runs to 11 September 2022. Brazil market data is supplied by Nielsen and runs to 30 September 2022.

Next scheduled announcement

Britvic will publish its quarter one trading statement on 26 January 2023.

Chief Executive Officer's Review

Performance highlights

Today we report our results for the year ended 30 September 2022. Once again, I am incredibly proud of the entire Britvic team. They have shown agility and resilience to deliver a strong performance, progress our strategic priorities and support each other and our communities in a challenging environment. I want to thank them and their families for their continued commitment.

Despite the significant headwinds we have faced, I am delighted with the performance we have delivered across our key metrics. Underlying revenue grew 15.5% (statutory +15.2%), adjusted EBIT increased 16.0% (statutory +16.7%) and margin increased 10bps (statutory +10bps). Our focus and discipline on cash enabled us to generate a free cash flow of £128.8 million, reducing our leverage ratio to 1.9x, while continuing to invest in the business and return cash to shareholders via both increasing dividends and our first share buyback programme. Our Healthier People, Healthier Planet programme is increasingly embedded in our business and decision making, and we have made further progress against our sustainability metrics. More detail is shared in the review of the year below.

Our strategy is clear and has momentum

We refreshed our strategy in 2019, to ensure the business was well-placed to access growth opportunities in the changing consumer and retail landscape across our markets. Throughout the pandemic, the strategy has served us well and this year, when we have all faced the consequences of the tragic war in Ukraine, it has continued to drive our performance. With a portfolio of market-leading brands, a multi-channel route to market, well-invested supply chain and strong customer relationships, we believe we are well-placed to continue to deliver superior returns to shareholders.

Our future focus remains on four key strategic priorities:

- Build local favourites and global premium brands
- Flavour billions of water occasions
- Healthier People, Healthier Planet
- Access new growth spaces

Each of our markets has a defined role to play delivering the strategy:

- Great Britain – to lead market growth
- Brazil – to accelerate growth and expand our presence
- Other international – to globalise premium brands and improve profitability in Western Europe

Underpinning this strategy are three critical enablers:

- Generate fuel for growth through efficiency
- Transform organisational capability and culture
- Selective M&A to accelerate growth

Review of the year

Our strategy has driven consistent revenue growth over the past five years of 5.1% compound annual growth rate (CAGR), and this year we have accelerated growth to 15.5%. This was in part due to the soft comparable in the first half of 2021 when lockdown restrictions impacted the hospitality channel and the good weather this summer. We have demonstrated that our portfolio of trusted brands has been able to take and hold significant price, in response to the extensive cost inflation prevalent across our markets. Although France was a particularly challenging environment to recover the inflationary cost pressure we faced. We have successfully executed our joint business plans with our customers, which incorporate branded in-store execution, price and promotional activity, and ensuring on-shelf availability. The strength of our customer relationships has been demonstrated through the recent Advantage Group survey, which measures customer feedback from retailers, wholesalers and suppliers in the UK. We are delighted that Britvic has been ranked in the top three across all of grocery, convenience and wholesale, and first for e-commerce.

We have continued to invest in our business to unlock growth and deliver a great customer, shopper, and consumer experience. The A&P investment we have made behind our compelling physical and digital marketing increased by 6.4%, with a greater proportion directed towards fully consumer-facing activity. Across our markets, we have delivered continued success with innovation, the detail of which is covered in the market highlights below.

Our continued business capability investment in both supply chain and technology makes us better equipped to deliver improved efficiency, price pack architecture flexibility, supply chain resilience and promotional effectiveness. In the supply chain, we invested further in both capacity and capability. In Great Britain, we added an additional can line in Rugby, in addition to the three lines we installed as part of our Business Capability Programme completed in 2019. We are also upgrading the National Distribution Centre to ensure it is well placed for future growth and to deliver improved efficiency. In Brazil, we have added two additional carton lines and contracted a grape processing facility to meet expanding demand. In France, we recently signed a strategic production partnership to support global demand for Mathieu Teisseire, one of our premium brands participating in the cocktail and coffee mixers category.

Our Healthier People, Healthier Planet programme is integral to our strategy. In the year we have continued to make strong progress in most areas. Our employee engagement score has remained firmly above benchmark at 77, and our average calories per serve now sits at 24, well below our 30 calories target. We have continued to improve our water ratio and made further progress on decarbonising the business. On a cumulative basis, we have now delivered a 34% reduction in our Scope 1 and 2 market-based carbon emissions since our baseline year, 2017. We are also pleased with the progress we are making with our suppliers and customers to reduce our Scope 3 carbon emissions.

Great Britain highlights

We have continued to invest in our brands, with highly relevant and effective marketing activation, alongside innovation to broaden our consumer offering. Pepsi MAX was highly visible to consumers through its continued sponsorship of the UEFA Champions League earlier in the year. This summer saw the return of the taste challenge for the first time in person since 2019. The eight-week roadshow toured Great Britain and 70% of participants said they preferred Pepsi MAX compared to the biggest selling full sugar cola. Robinsons' Wimbledon association ended in 2021, and we took our marketing in a new direction this year. The Big Fruit Hunt digital competition ran across the summer, while Robinsons ready to drink sponsored The Hundred cricket. Both campaigns allowed us to engage with more consumers and enabled a more extended activation period in store than before. We continued to extend our brands through flavour innovation, with Berry Peachy for Tango, and reformulated an old favourite, Apple, to be sugar free. We also launched new flavours of Aqua Libra with Blood Orange & Mango and Pepsi with Pepsi MAX Lime.

Alongside our core brands' growth momentum, we have continued to invest in accessing future growth spaces. Following our acquisition of Plenish in 2021, the brand has been able to leverage our strong customer relationships and brand marketing expertise. Plenish was relaunched in late Q2 with new packaging, highlighting its premium, natural credentials. It also secured significant additional distribution for the plant-based milks and shots ranges. Aqua Libra Co, which we launched last year following the acquisition of The Boiling Tap Company, has used our flavour concentrates expertise to develop a unique tap proposition that offers flavoured water alongside still, sparkling, and hot. It has been building a pipeline of opportunities in both the workplace and retail channels. Our premium tonics and sodas brand, London Essence, has gained share in the retail channel and increased distribution in pubs, bars, and restaurants of both packaged products and our dispense offering, Freshly Infused. London Essence revenue grew 94.8% year on year, with over 1,000 Freshly Infused dispense fonts installed and 11,000 points of retail distribution for the packaged format across the retail and hospitality channels.

Everywhere in Britvic, our brand and business investment is underpinned by our ESG agenda: Healthier People, Healthier Planet. This programme ranges from employee wellbeing and healthier consumer choices to community engagement and minimising our packaging, water, and carbon footprint. Across our entire Great Britain portfolio, we exited the year with an average of around 14 calories per serve and are continuing to fortify several of our brands with added health benefits, for example the Robinsons Fruit & Barley range and Robinsons Benefit Drops. Additionally, we have continued in our mission to support young people by joining forces with The Prince's Trust, through select Tango promotions, with the aim of raising £100,000 for the charity in the first year alone. On the planet side, we have continued our partnership with The Rivers Trust, improving waterways close to our sites. We have also made further progress towards our science-based targets on carbon, and the Executive team has recently approved an innovative solution to reduce carbon emissions at our Beckton site using a heat recovery system. This system will decarbonise 70% of the site's heat demand by shifting its heat source away from fossil fuels.

Brazil highlights

We have continued to deliver strong growth in concentrates and ready to drink juices, with Maguary, Dafruta and Bela Ischia performing well in both categories. We have built on the core ranges with recent innovations, such as Dafruta Tropical and Bela Ischia syrups. Our grape juice has also been particularly successful, offering quality products at a competitive price and benefiting from our new grape processing facility to improve margin. Fruit Shoot has also had a particularly successful year. Since launching in Brazil, we have extended the flavour range and launched new pack formats at different price points, specifically to meet the needs of each region. This has included a 150ml carton, which has performed especially strongly.

Coconut water has been more challenging this year, due to import supply issues and rapidly escalating input costs. In response, we have innovated to launch a new coconut nectar with lower raw material content, facilitating more competitive pricing and enabling us to meet value-based consumer demand amid continued high inflation. We also continue to build recent innovations such as Nuts, a non-dairy milk alternative, Natural Tea and Mathieu Teisseire. We continue to expand and adapt our route to market and channel presence to capture the growth opportunities in wholesale/cash and carry and the on-trade.

In terms of Healthier Planet, the confluence of water stewardship and biodiversity is of particular relevance to our Brazil market. We have planted the Floresta Britvic, a reforestation programme that so far covers two and a half acres in Astolfo Dutra, Minas Gerais. Each tree represents one Brazilian Britvic employee and is in an area located 5km from the company's factory in the region. Separately, we have installed a biomass boiler to replace a traditional gas boiler in Aracati, meaning we now have biomass boilers at all four of our Brazilian sites, in turn reducing our carbon emissions by 46% versus last year.

Other International highlights

In Ireland, we have continued to leverage the strength of our brand portfolio with innovation. The Hint of Fruit flavoured water from Ballygowan has been a huge success, achieving nearly 19% market share of the flavoured water category only seven months after launch. Revenue for our flavour concentrates brands, Robinsons and MiWadi, was well ahead of last year. We also entered the energy category with the launch of Club Loaded and the extension of the Energise brand into the stimulant segment. Through a combination of price, mix and promotional management and simplifying the operating model with the closure of Counterpoint last year, the Irish business has delivered a significant improvement in operating margin, in line with our strategy.

In France, we have delivered growth across our entire brand portfolio. We have continued to develop our Teisseire syrups range, with the launch of Teisseire for Soda Machine and Fruits à Diluer containing no added sugars. Teisseire Fruit Shoot has responded to changing consumer preferences by moving to a transparent bottle to broaden appeal and improve recycling rates, and the formulation now contains fruit juice and water without preservatives. We have also launched a range that includes 100% natural ingredients.

Mathieu Teisseire and London Essence have both had an excellent year and I am delighted with their strong momentum. The pandemic interrupted their growth, but we are now seeing great traction globally. As the hospitality industry fully re-opened post-pandemic this year, we have had our first real opportunity to deliver against our growth strategy. Our consumer insight shows that demand for premium, crafted, healthier soft drink experiences is growing, and we are building considerable momentum.

London Essence is now available in the majority of the top 100 bars in the markets where we are distributed and 34 of the World's Top 100 Bars and Restaurants, from Hong Kong to Barcelona. The environmental benefits are compelling as our deliciously distilled botanical flavours are served using micro-dosing technology without the need for packaging or transportation of large volumes of liquid, substantially reducing our packaging per serve and our carbon emissions, in line with our Healthier Planet sustainability strategy, and those of our customers.

Mathieu Teisseire is now available in 20 countries around the world, including Brazil, served in a broad range of outlets from coffee shops and bars to hotels and restaurants. We are growing brand awareness and reputation through our own Mathieu Teisseire studios, where our global brand ambassadors work in partnership with our customers to co-create new drinks recipes using our unique portfolio of syrup flavours, from Blackberry to Tiramisu and run training events for their employees. So far, we have opened studios in Belgium, Thailand, Vietnam, Paris, China, Holland, India, Oman, Saudi Arabia, and the United Arab Emirates, unleashing creativity across the globe.

Looking ahead

Economic forecasts suggest that 2023 will be another challenging year, as inflationary pressures continue, and low consumer confidence is anticipated to persist across our main markets. This makes forecasting demand particularly challenging in the near term.

However, we participate in a resilient and growing category, which continues to outperform broader consumer goods, as it has for many years. Consumption of non-alcoholic beverages continues to increase and, even before the significant inflation of the past couple of years, soft drinks have consistently increased their value ahead of volume. The category is a regular staple and an affordable treat, whose demand has proved resilient in previous economic downturns, with limited down-trading to own label.

Britvic's success is founded upon the breadth of our portfolio of strong, family favourite brands, the depth of our customer relationships, our well-invested infrastructure, our long-term, mutually beneficial partnership with Pepsi and the agility and dedication of our fantastic workforce. Sustainability is embedded in our business and our culture, informing our choices daily. Our strategy is working, and we have well-established drivers to continue our consistent track record of growth.

Near term we have clear priorities to deliver in 2023. With continued high inflation, we will seek to mitigate the impact on our business through both cost efficiency and revenue management to optimise our pricing and promotions. We demonstrated our ability to deliver in this regard in 2022 and we are confident we will do so again in 2023 and beyond. Across our markets we will continue to engage consumers with compelling marketing, exciting innovation and strong in-store feature and display. We will also continue to invest, not only in our brands but also in our people, sustainability and infrastructure.

All this, combined with the momentum we have from our excellent 2022 performance, gives us confidence that despite the considerable headwinds, we will deliver further strategic progress in 2023 and continue to offer superior shareholder returns.

Chief Financial Officer's Review

Overview

We have delivered an excellent performance in the year, despite the headwind of significant cost inflation. All key financial metrics are on a positive trajectory, reflecting the resilience and agility of our business and the Britvic team. Underlying Group revenue increased 15.5% (statutory +15.2%) year on year, with double-digit revenue growth across all our business units.

Adjusted EBIT increased 16.0% (statutory +16.7%) to £206.0 million, resulting in an adjusted EBIT margin of 12.7%, a 10 basis points (bps) improvement year on year. Profit performance reflects improved operating leverage as volumes increased, an improvement in mix and continued discipline on discretionary spend, all of which enabled us to rebuild investment in the business. Adjusted EPS increased 29.3% year on year reflecting the adverse impact in financial year 2021 from the one-off, non-cash revaluation of deferred tax following the enactment of the 6% increase in the UK corporation tax rate.

Our cash performance was strong with free cash flow of £128.8 million, driven by a continued focus on day to day cash management. As a result, we have delivered an adjusted net debt/EBITDA ratio of 1.9x, which is our lowest year end leverage since 2015. The full year dividend equates to 29.0p per share, which represents a year on year increase of 19.8%, maintaining our 50% pay-out ratio. In addition, we launched our first share buyback programme partway through the year with £37.7 million shares repurchased and subsequently cancelled in our financial year 2022.

Below is a summary of the segmental performance and explanatory notes related to items including taxation, interest and free cash flow generation.

Great Britain	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m	% change actual exchange rate
Volume (million litres)	1,790.8	1,697.2	5.5%
ARP per litre	61.4p	56.3p	9.1%
Revenue	1,100.4	956.1	15.1%
Brand contribution	426.0	381.0	11.8%
Brand contribution margin	38.7%	39.8%	(110)bps

In Great Britain, we have made strong progress with both volume and revenue growing in each quarter of the year. and both the retail and hospitality channels delivering good growth year on year. Across both channels we continue to focus on growing our immediate consumption pack formats. This year immediate consumption revenue increased 20.4% benefitting from the end of COVID-19 restrictions in 2021. ARP was particularly strong, up 9.1%, due to a combination of mix and price realisation. Margin declined due to the lag effect from the timing of price increases in early calendar 2022 to offset the high level of inflation experienced across the full year.

All our scale brands performed strongly. Pepsi, 7UP and Tango, led by low/no sugar variants were all in double digit revenue growth, with Tango +27.2% year on year as a result of increased distribution and successful flavour innovation. J2O and Fruit Shoot benefited from increased socialising compared to 2021, with revenue growth of 32.3% and 15.1% respectively. Robinsons remained in revenue growth, in both squash and ready to drink formats, despite consumers spending less time at home compared to 2021. Rockstar had a challenging year and while the supply issues we highlighted last year have now been resolved, the brand continued to underperform our expectations and revenue declined year on year.

Brazil	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m	% change actual exchange rate	% change like for like at constant exchange rate
Volume (million litres)	299.3	288.3	3.8%	3.8%
ARP per litre	47.8p	39.6p	20.7%	11.4%
Revenue	143.0	114.1	25.3%	15.7%
Brand contribution	22.7	21.1	7.5%	(0.9)%
Brand contribution margin	15.9%	18.5%	(260)bps	(260)bps

In Brazil, we saw a continuation of strong growth, with revenue at constant currency up 15.7%, which after adjusting for PIS/COFINS tax benefits translates to underlying revenue growth of 17.2%. This was driven by both volume and ARP growth. Our core categories of concentrates and ready to drink juices were in growth, with Maguary, Dafruta and Bela Ischia performing well in both categories. The strongest performance was in Fruit Shoot, +93.0% year on year, primarily due to the growth of the 150ml carton pack format. Coconut water was more challenging, with revenue down 22.9%, due to the continued shortage and high cost of ingredients. Other innovation brands, such as Nuts, Seleção and Natural Tea grew strongly.

Price realisation and mix contributed to a margin improvement in the second half of the year. While underlying margin (excluding PIS/COFINS) in the first half declined 405bps, margin in the second improved, limiting the full-year decline to 260bps.

Other International	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m	% change actual exchange rate	% change like for like at constant exchange rate
Volume (million litres)	428.0	389.9	9.8%	9.8%
ARP per litre	87.6p	85.9p	2.0%	6.1%
Revenue	374.9	334.9	11.9%	16.5%
Brand contribution	107.0	106.4	0.6%	3.0%
Brand contribution margin	28.5%	31.8%	(330)bps	(370)bps

Note: Other International consists of France, Ireland, and other international markets. Volumes and ARP include own-brand soft drinks sales and third-party product sales included within total revenue and brand contribution. Concentrate sales are included in both revenue and ARP but do not have any associated volume.

In Ireland revenue increased 18.7% driven by both volume and ARP growth. All brands were in growth, including Pepsi +17.3%, MiWadi +18.4% and Ballygowan +22.7%. In France revenue increased 12.3%, led by Teisseire and Moulin de Valdonne. In other markets we delivered growth across various sub-channels, including Benelux, travel, export, and the Middle East. The decline in brand contribution margin reflects the lag between inflation impacting the P&L and the timing of our price increases landing with customers, together with the particularly challenging retail environment in France with respect to executing our planned price increases in totality in that market.

Fixed costs – pre-adjusting items	Year ended 30 September 2022 £m	Year ended 30 September 2021 £m	% change actual exchange rate	% change like for like at constant exchange rate
Non-brand A&P	(10.3)	(8.3)	(24.1)%	(24.1)%
Fixed supply chain	(126.0)	(122.1)	(3.2)%	(3.7)%
Selling costs	(82.0)	(75.1)	(9.2)%	(9.0)%
Overheads and other	(131.4)	(126.5)	(3.9)%	(5.0)%
Total	(349.7)	(332.0)	(5.3)%	(5.9)%
Total A&P investment	*(61.7)*	*(58.0)*		
A&P as a % of own brand revenue	*3.8%*	*4.1%*		

Total A&P was £3.7 million higher year on year, as we continued to increase investment in our brands. Fixed supply chain costs increased primarily due to higher energy and carbon dioxide costs, partly offset by co-pack savings as production was brought in-house. Selling costs increased due to the full-year effect of vacancies filled in 2021 and further recruitment through 2022, employee expenses as travel normalised, and wage and salary inflation.

Interest

The net finance charge for the year ended 30 September 2022 is £17.3 million, compared with £17.8 million in the comparative year due to lower net debt levels through the year.

Adjusting items – pre-tax

In the year, the Group incurred, and has separately disclosed, a net charge of £13.6 million (2021: £24.2 million) of pre-tax adjusting items. Adjusting items comprises:

- Implementation of an accounting policy change following an IFRIC agenda decision in relation to customisation and configuration costs of Software as a Service (SaaS) arrangements which are now expensed as incurred, rather than capitalised. This resulted in charges in the year of £7.5 million relating to IT projects (see notes 2 and 11 of the financial statements for more detail);
- Strategic M&A credit of £1.0 million in relation to the remeasurement and utilisation of historic provisions;
- Strategic restructuring credit of £1.0 million from historical provisions in relation to the closure of the Counterpoint business, offset by costs for the closure of the Norwich site; and
- Acquisition-related amortisation of £8.4 million and other credits of £0.3 million.

Taxation

The adjusted tax charge was £36.1 million (2021: £40.7 million), which equates to an effective tax rate of 20.0% (2021: 27.0%). The statutory net tax charge was £34.9 million (2021: £38.1 million), which equates to an effective tax rate of 19.9% (2021: 28.3%).

Earnings per share (EPS)

Adjusted basic EPS for the year was 57.3p, an increase of 29.3% (at actual exchange rates) on the prior year due to higher operating profits and the adverse impact on the 2021 EPS from an increase in deferred tax following the Government's enacted increase in corporation tax effective from April 2023. Adjusted diluted EPS improved 29.4%. Basic EPS for the year was 52.6p, an increase of 45.5% on last year.

Dividends

The Board is declaring a final dividend of 21.2p per share with a total value of £55.8 million, resulting in a full year dividend of 29.0p (£76.5m). This is in line with our stated 50% pay-out. The final dividend for 2022 will be paid on 8 February 2023 to shareholders on record as of 23 December 2022. The ex-dividend date is 22 December 2022.

Share buyback programme

As announced on 23 May 2022, the company has commenced an initial share buyback programme to repurchase ordinary shares with a market value of up to £75.0 million. The purpose of the programme is to reduce share capital and, accordingly, the shares repurchased are subsequently cancelled. Excluding transaction costs, the company has returned £37.7 million to shareholders via the buyback during the year ended 30 September 2022, with the remaining £37.3 million to be completed during the first half of financial year 2023. Adjusted net debt leverage at 30 September 2022 is 1.9x and within Britvic's long-term policy for leverage to maintain a range of 1.5x to 2.5x.

In the context of Britvic's expected free cash flow and its capital requirements over the next three years, the Board believes it is appropriate to complete the current share buyback. Britvic will continue to review its balance sheet on an annual basis to assess the strength of the balance sheet, in the context of its growth ambitions. The company's dividend policy remains unchanged.

Free cash flow

Free cash flow (defined as cash generated from operating activities, plus proceeds from sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities) was an inflow of £128.8m, compared with £132.7 million in the previous year.

Net cash flow from operating activities was £239.6 million compared to £225.3 million in the previous year as a result of increased profit before tax and disciplined cash management during the year.

There was a working capital outflow of £1.3 million (2021: £17.4 million inflow), comprising an outflow from increases in inventory of £26.0 million (2021: £15.4 million outflow), an outflow from increases in trade and other receivables of £56.4m (2021: £44.2m outflow), an inflow from increases in trade and other payables of £84.3 million (2021: £75.5 million inflow), an outflow from decreases in provisions of £3.2 million (2021: £8.5 million outflow) and no change in other current assets (2021: £10.0 million inflow).

The outflow in trade and other receivables and inflow in trade and other payables were due to an increase in purchases as trade increased following the removal of COVID-19 restrictions and a strong quarter four which benefitted from a hot summer across Europe.

The outflow in inventories, which were up year on year, is due to inflation, an increased level of both raw materials and finished goods stock to protect our customer service levels across the Group and further vertical integration of fruit processing in Brazil.

Net tax paid in the year of £18.4 million is higher than the £15.4 million net tax paid in the year to 30 September 2021 as 2021 benefited from a cash tax rebate in France of £7.0 million following the disposal of the juice business.

Capital expenditure increased to £84.6 million (2021: £66.7 million) following deferral of investment during the COVID-19 restrictions.

Treasury management

The financial risks faced by the Group are identified and managed by a central treasury department, whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates, foreign exchange rates and commodities, while managing the Group's debt and liquidity profile. The Group uses financial instruments to hedge against raw materials, interest rate and foreign currency exposures.

On 30 September 2022, the Group had £962.4 million of committed debt facilities, consisting of a £400.0 million bank facility, undrawn, and a series of private placement notes, with maturities between December 2022 and May 2035. A one-year extension to the maturity of the Group's £400.0 million bank facility was approved by six of the seven lenders in February 2022 extending the maturity of £366.7 million of this facility to February 2027. The remaining £33.3 million will mature in February 2025.

On 30 September 2022, the Group's adjusted net debt, including the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, was £474.8 million, which compares with £488.5 million at 30 September 2021. Statutory net debt of £517.7 million (excluding derivative hedges) comprised £604.4 million of private placement notes and £3.5 million of accrued interest, offset by net cash and cash equivalents of £87.6 million and unamortised debt issue costs of £2.6 million.

Pensions

On 30 September 2022, the Group had IAS 19 pension surpluses in Great Britain, Ireland and Northern Ireland totalling £138.9 million and IAS 19 pension deficits in France totalling £1.4 million, resulting in a net pension surplus of £137.5 million (30 September 2021: net surplus of £131.6 million).

The defined benefit section of the Great Britain plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme was closed to new members on 28 February 2006 and future accrual from 31 December 2018, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan.

Contributions are ordinarily paid into the defined benefit section of the Plan as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. No deficit funding payments were paid during the year except for the £5.0 million annual partnership payment which will continue until 2025. This is being reviewed as part of the triennial valuation as of 31 March 2022, which remains in progress as of the date of approving these financial statements.

Guaranteed Minimum Pension (GMP)

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the Group recognised a charge of £6.2 million in its 2019 financial statements to provide for the impact of GMP equalisation. In November 2020, a further ruling on the Lloyds case took place requiring that individual transfer payments made since 17 May 1990 would also need to be equalised for the effects of GMP. During the year ended 30 September 2021, the Group recorded a charge of £0.7 million as part of adjusting items for the estimated cost of GMP equalisation arising from this latest judgment and no additional charge was made in 2022.

Glossary

A&P is a measure of marketing spend including marketing, research and advertising.

Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted earnings by the average number of shares during the year. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before adjusting items. Average number of shares during the year is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of Group revenue.

Adjusted EBITDA is a non-GAAP measure calculated by taking Adjusted EBIT and adding back depreciation, amortisation and loss on disposal of property, plant and equipment and deducting payments of lease liabilities as an estimate for pre-IFRS16 rental charges.

Adjusted net debt is a non-GAAP measure and is defined as net debt, adding back the impact of derivatives hedging the balance sheet debt.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

Adjusted profit before tax and acquisition related amortisation is a non-GAAP measure and is defined as profit before tax and adjusting items, with the exception of acquisition related amortisation.

Aqua Libra Co is the Britvic Aqua Libra Co Limited, previously known as The Boiling Tap Company Limited (TBTC).

ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

BPS is basis points and is a measure used to describe the percentage change in a value. One basis point is equivalent to 0.01%.

Brand contribution is a non-GAAP measure and is defined as revenue, less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs.

Brand contribution margin is a non-GAAP measure and is a percentage measure calculated as brand contribution divided by revenue. Each business unit's performance is reported down to the brand contribution level.

Constant exchange rate is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

EBIT is earnings before interest and taxation.

EBITDA is earnings before interest, taxation, depreciation, and amortisation.

EPS is Earnings Per Share.

Free cash flow is defined as cash generated from operating activities, plus proceeds from the sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities.

GB is Great Britain.

GMP is Guaranteed Minimum Pension.

Group is Britvic plc, together with its subsidiaries.

Immediate Consumption is defined as pack formats to be consumed on purchase, rather than deferred packs which are purchased and consumed later.

Innovation is defined as new launches over the last five years, excluding new flavours and pack sizes of established brands.

M&A is mergers and acquisitions.

NI is Northern Ireland.

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions.

Plenish is Plenish Cleanse Ltd, a company acquired on 1 May 2021.

RCF is revolving credit facility.

Revenue is defined as sales achieved by the Group net of price promotional investment and retailer discounts.

ROI is Republic of Ireland.

rPET is recycled polyethylene terephthalate plastic.

SaaS is Software-as-a-Service.

Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

CONSOLIDATED INCOME STATEMENT

	Note	**Year ended 30 September 2022 £m**	Restated* Year ended 30 September 2021 £m
Revenue	4	1,618.3	1,405.1
Cost of sales		(952.4)	(822.1)
Gross profit		**665.9**	**583.0**
Selling and distribution expenses		(266.8)	(222.1)
Administration expenses		(206.7)	(208.5)
Operating profit		**192.4**	**152.4**
Finance income		0.9	0.9
Finance costs		(18.2)	(18.7)
Profit before tax		**175.1**	**134.6**
Income tax	5	(34.9)	(38.1)
Profit for the year attributable to the equity shareholders		**140.2**	**96.5**
Earnings per share			
Basic earnings per share	6	52.6p	36.2p
Diluted earnings per share	6	52.5p	36.1p

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Profit for the year attributable to the equity shareholders	**140.2**	**96.5**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Remeasurement (losses)/gains on defined benefit pension plans	(2.1)	34.1
Current tax on pension contributions	0.1	–
Deferred tax on defined benefit pension plans	2.3	(12.0)
	0.3	**22.1**
Items that may be subsequently reclassified to profit or loss		
Gains in respect of cash flow hedges	56.6	0.1
Amounts reclassified to the income statement in respect of cash flow hedges	(23.8)	6.3
Current tax in respect of cash flow hedges accounted for in the hedging reserve	0.5	0.2
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	(6.8)	(1.1)
Exchange differences reclassified to profit or loss on disposal of foreign operations	(0.8)	–
Exchange differences on translation of foreign operations	28.9	(9.7)
Tax on exchange differences accounted for in the translation reserve	0.5	(0.6)
	55.1	**(4.8)**
Other comprehensive income for the year, net of tax	**55.4**	**17.3**
Total comprehensive income for the year attributable to the equity shareholders	**195.6**	**113.8**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

C O N S O L I D A T E D   B A L A N C E   S H E E T

	Note	30 September 2022 £m	Restated* 30 September 2021 £m	Restated* 1 October 2020 £m
Non-current assets				
Property, plant and equipment		513.9	472.4	462.7
Right-of-use assets		68.7	71.7	78.1
Intangible assets		416.4	406.5	400.0
Other receivables		6.0	5.8	6.0
Derivative financial instruments	9	45.9	22.2	25.2
Deferred tax assets		4.4	4.0	4.8
Pension assets		138.9	141.2	101.8
		1,194.2	**1,123.8**	**1,078.6**
Current assets				
Inventories		172.0	135.0	118.5
Trade and other receivables		445.2	376.1	335.5
Current income tax receivables		10.9	7.2	13.1
Derivative financial instruments	9	38.9	4.0	12.1
Cash and cash equivalents		87.6	71.1	109.2
Other current assets		3.1	–	10.0
		757.7	593.4	598.4
Assets held for sale		16.8	16.8	20.3
		774.5	**610.2**	**618.7**
Total assets		**1,968.7**	**1,734.0**	**1,697.3**
Current liabilities				
Trade and other payables		(508.8)	(417.8)	(358.8)
Commercial rebate liabilities		(137.0)	(122.3)	(107.3)
Lease liabilities		(8.6)	(8.9)	(9.6)
Interest-bearing loans and borrowings	8	(42.2)	(2.2)	(78.7)
Derivative financial instruments	9	(11.2)	(1.4)	(2.2)
Current income tax payables		(0.2)	(1.4)	(2.4)
Provisions		(1.9)	(5.3)	(13.6)
Other current liabilities		(11.1)	(5.5)	(10.2)
		(721.0)	(564.8)	(582.8)
Liabilities directly associated with the assets held for sale		–	–	(0.1)
		(721.0)	**(564.8)**	**(582.9)**
Non-current liabilities				
Interest-bearing loans and borrowings	8	(563.1)	(576.9)	(586.0)
Lease liabilities		(65.3)	(66.2)	(70.2)
Deferred tax liabilities		(123.1)	(98.5)	(68.1)
Pension liabilities		(1.4)	(9.6)	(10.7)
Derivative financial instruments	9	(0.4)	(0.6)	(3.3)
Provisions		(0.9)	(0.5)	(1.1)
Other non-current liabilities		(5.5)	(6.2)	(2.4)
		(759.7)	(758.5)	(741.8)
Total liabilities		**(1,480.7)**	**(1,323.3)**	**(1,324.7)**
Net assets		**488.0**	**410.7**	**372.6**

	Note	30 September 2022 £m	Restated* 30 September 2021 £m	Restated* 1 October 2020 £m
Capital and reserves				
Issued share capital	10	52.7	53.5	53.4
Share premium account		157.2	156.2	154.1
Own shares reserve	10	(7.2)	(1.5)	(3.7)
Other reserves		106.0	53.7	59.8
Retained earnings		179.3	148.8	109.0
Total equity		**488.0**	**410.7**	**372.6**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2022. They were signed on its behalf by:

Simon Litherland
Chief Executive Officer

Joanne Wilson
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Cash flows from operating activities			
Profit before tax		175.1	134.6
Net finance costs		17.3	17.8
Other financial instruments		0.8	0.6
Depreciation of property, plant and equipment		40.9	42.7
Depreciation of right-of-use assets		10.9	10.5
Amortisation		15.6	14.8
Loss on disposal of property, plant and equipment and intangible assets		0.9	2.8
Share-based payments charge, net of cash settlements		4.2	3.8
Net pension charge less contributions		(7.6)	(5.4)
Net foreign exchange differences		2.0	0.7
Exchange differences reclassified to profit or loss from other comprehensive income		(0.8)	–
Increase in inventories		(26.0)	(15.4)
Increase in trade and other receivables		(56.4)	(44.2)
Decrease in other current assets		–	10.0
Increase in trade, other payables and commercial rebate liabilities		84.3	75.5
Decrease in provisions		(3.2)	(8.5)
Other adjustments for which cash effects are investing cash flows		–	0.4
Income tax paid		(18.4)	(15.4)
Net cash flows from operating activities		**239.6**	**225.3**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	0.1
Purchases of property, plant and equipment		(72.9)	(56.4)
Purchases of intangible assets		(11.7)	(10.3)
Interest received		0.2	0.6
Acquisition of subsidiaries, net of cash acquired		–	(31.2)
Net cash flows used in investing activities		**(84.4)**	**(97.2)**
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(14.8)	(15.4)
Other loans repaid	8	–	(0.1)
Payment of principal portion of lease liabilities		(9.3)	(8.7)
Payment of interest portion of lease liabilities		(2.1)	(1.9)
Repayment of private placement notes, net of derivative financial instruments	8	–	(65.4)
Other derivative cash (payments)/receipts		(0.8)	1.3
Issue costs paid	8	(0.3)	(0.3)
Issue of shares relating to incentive schemes for employees		1.0	2.2
Purchase of own shares related to share schemes		(9.0)	–
Share buyback programme		(36.7)	–
Dividends paid to equity shareholders		(67.9)	(74.8)
Net cash flows used in financing activities		**(139.9)**	**(163.1)**
Net increase/(decrease) in cash and cash equivalents		**15.3**	**(35.0)**
Cash and cash equivalents at the beginning of the year		71.1	109.2
Net foreign exchange differences on cash and cash equivalents		1.2	(3.1)
Cash and cash equivalents at the end of the year		**87.6**	**71.1**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves: Hedging reserve £m	Other reserves: Translation reserve £m	Other reserves: Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2020 (as previously reported)	**53.4**	**154.1**	**(3.7)**	**0.3**	**(27.8)**	**87.3**	**111.9**	**375.5**
Adjustment on change of accounting policy*	–	–	–	–	–	–	(2.9)	(2.9)
At 1 October 2020 (restated*)	**53.4**	**154.1**	**(3.7)**	**0.3**	**(27.8)**	**87.3**	**109.0**	**372.6**
Profit for the year (restated*)	–	–	–	–	–	–	96.5	96.5
Other comprehensive income/(expense)	–	–	–	5.5	(10.3)	–	22.1	17.3
Total comprehensive income/(expense)	**–**	**–**	**–**	**5.5**	**(10.3)**	**–**	**118.6**	**113.8**
Issue of shares	0.1	2.1	(1.5)	–	–	–	–	0.7
Own shares utilised for share schemes	–	–	3.7	–	–	–	(7.6)	(3.9)
Movement in share-based schemes	–	–	–	–	–	–	3.1	3.1
Current tax on share options exercised	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	–	–	–	–	–	–	0.2	0.2
Transfer of cash flow hedge reserve to inventories	–	–	–	(1.3)	–	–	–	(1.3)
Payment of dividend	–	–	–	–	–	–	(74.8)	(74.8)
At 30 September 2021 (restated*)	**53.5**	**156.2**	**(1.5)**	**4.5**	**(38.1)**	**87.3**	**148.8**	**410.7**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11)

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves: Capital redemption reserve £m	Other reserves: Hedging reserve £m	Other reserves: Translation reserve £m	Other reserves: Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2021 (restated*)	**53.5**	**156.2**	**(1.5)**	**–**	**4.5**	**(38.1)**	**87.3**	**148.8**	**410.7**
Profit for the year	–	–	–	–	–	–	–	140.2	140.2
Other comprehensive income	–	–	–	–	26.5	28.6	–	0.3	55.4
Total comprehensive income	**–**	**–**	**–**	**–**	**26.5**	**28.6**	**–**	**140.5**	**195.6**
Issue of shares	0.1	1.0	(1.1)	–	–	–	–	–	–
Share buyback programme	(0.9)	–	(1.1)	0.9	–	–	–	(36.7)	(37.8)
Own shares purchased for share schemes	–	–	(9.0)	–	–	–	–	3.2	(5.8)
Own shares utilised for share schemes	–	–	5.5	–	–	–	–	(12.5)	(7.0)
Movement in share-based schemes	–	–	–	–	–	–	–	4.1	4.1
Current tax on share options exercised	–	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	–	–	–	–	–	–	–	(0.5)	(0.5)
Transfer of cash flow hedge reserve to inventories	–	–	–	–	(3.7)	–	–	–	(3.7)
Payment of dividend	–	–	–	–	–	–	–	(67.9)	(67.9)
At 30 September 2022	**52.7**	**157.2**	**(7.2)**	**0.9**	**27.3**	**(9.5)**	**87.3**	**179.3**	**488.0**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The preliminary consolidated financial information was authorised for issue by the Board of Directors on 22 November 2022.

The preliminary consolidated financial information for the year ended 30 September 2022 has been prepared in accordance with the Companies Act 2006 and UK-adopted international accounting standards. The preliminary consolidated financial information does not constitute statutory consolidated financial statements as defined by section 434 of the Companies Act 2006.

The Annual Report and Accounts for the year ended 30 September 2022 was approved by the board on 22 November 2022. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The Annual Report and Accounts for 2022 will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts for the year ended 30 September 2021 was approved by the board on 23 November 2021 and has been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

2. Accounting policies

The preliminary consolidated financial information for the year ended 30 September 2022 has been prepared in accordance with the accounting policies described in the company's Annual Report and Accounts for the year ended 30 September 2021, except for the changes arising on the adoption of new accounting standards and amendments explained further below.

New standards, amendments and interpretations adopted in the current year

With effect from 1 October 2021, the Group applied for the first time the standards and amendments as set out below. These amended standards and interpretations have not had a significant impact on the Group's financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Change in accounting policy – Software-as-a-Service (SaaS) arrangements

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Group's accounting policy has historically been to capitalise costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets in the balance sheet, irrespective of whether the services were performed by the SaaS supplier or a third party. The Group has reviewed its SaaS arrangements and has applied the guidance in the agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received. The new software costs accounting policy is presented in the policies below.

Historical financial information has been restated to account for the impact of the change, refer to note 11. This change in accounting policy has resulted in costs of £7.5m being expensed to administration expenses during the year ended 30 September 2022 that would previously have been capitalised as intangible assets under the former policy (2021: £8.3m). Intangible assets recognised in the balance sheet at 30 September 2021 reduced by £11.8m (1 October 2020: £3.5m). In the statement of cash flows for the 30 September 2022, £9.3m has been presented within net cash flows from operating activities that would previously have been presented within net cash flows used in investing activities under the former policy (2021: £7.0m).

New accounting policy for Software-as-a-Service (SaaS) arrangements
SaaS arrangements are service contracts providing the company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the company determines whether these services are distinct from each other or not, and therefore, whether configuration and customisations incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term. Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software and are therefore expensed over the SaaS contract term. When implementing SaaS arrangements, costs incurred may include those that relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meet the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least annually and any change accounted for prospectively as a change in accounting estimate.

3. Going concern
The Directors are satisfied that the Group has adequate resources to continue to operate as a going concern for the foreseeable future and that no material uncertainties exist with respect to this assessment. In making this assessment, the Directors have considered the Group's balance sheet position and forecast earnings and cash flows for the period from the date of approval of these financial statements to 31 March 2024. Further details of the Directors' assessment are set out below.

Following the outbreak of COVID-19 in early 2020, the subsequent global pandemic and implementation of government restrictions on commercial activity and social movement, Britvic implemented a wide range of measures to ensure the ongoing stability and going concern status of the company.

Britvic has proven resilient with volume and revenue now ahead of pre-COVID-19 levels. During the first half of the financial year, almost all COVID-19 restrictions were lifted in the countries that Britvic operates, and the Group's strategy has been built on the plan of living with COVID-19 and no restrictions going forward.

Since the pandemic, the investments the business has made have resulted in more agile and resilient procurement, production and sales capability and we are more able to respond to changed buying and selling patterns as required. Moreover, the business has been able to offset inflationary pressures in 2022 by successfully implementing revenue growth management actions, including price increases and promo optimisation. Inflationary pressures are expected to persist in financial years 2023 and 2024, which will require further price increases and other actions. This has been reflected in Britvic's strategic plan and stress test sensitivities.

As part of the going concern assessment, inflation scenarios have been combined with the potential impact of key risks that could reasonably arise in the period, including supply constraints and increased regulation. These have been modelled to assess the extent to which further mitigating actions would be required, and are all within management control. Mitigating actions can be initiated as they relate to discretionary and investment spend, without significantly impacting the ability to meet demand.

As of 30 September 2022, the consolidated balance sheet reflects a net asset position of £488.0m and the liquidity of the Group remains strong. In the first half of 2022, the Group successfully secured a one-year extension of its £400.0m revolving credit facility with six of the seven participating banks. As a result, £366.7m of this facility now matures in February 2027, with the remaining £33.3m maturing in February 2025. The revolving credit facility remains committed and undrawn at 30 September 2022. The Group's next debt maturity is in December 2022 when $43m of private placement notes mature (£27.8m, net of derivative financial instruments). Both the Group's revolving credit facility and private placement notes have a net debt/EBITDA covenant limit of 3.5x, excluding IFRS 16 impact. Based on the full year adjusted net debt of £474.8m and adjusted EBITDA of £254.5m, the net debt/EBITDA ratio was 1.9x and well within the covenant limit.

Under all the scenarios modelled, including the impact of the share buyback programme, and after taking available mitigating actions, our forecasts did not indicate a covenant breach or any liquidity shortages.

On the basis of these reviews, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the Annual Report and Accounts.

4. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the plc Executive team and Board of Directors of the company.

For management purposes, the Group is organised into business units and has five reportable segments:

- GB (United Kingdom excluding Northern Ireland)
- Brazil
- Ireland (Republic of Ireland and Northern Ireland)
- France
- International

These business units sell soft drinks into their respective markets. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. All other costs, including net finance costs and income taxes, are managed on a centralised basis and are not allocated to reportable segments.

The 'Other International' subtotal comprising the Ireland, France and International reportable segments has been presented to provide linkage to the Chief Financial Officer's Review section of this preliminary results announcement.

Year ended 30 September 2022	GB £m	Brazil £m	Other International: Ireland £m	France £m	International £m	Subtotal £m	Total £m
Revenue from external customers	**1,100.4**	**143.0**	**143.9**	**179.4**	**51.6**	**374.9**	**1,618.3**
Brand contribution	**426.0**	**22.7**	**49.6**	**45.9**	**11.5**	**107.0**	**555.7**
Non-brand advertising and promotion(ii)							(10.3)
Fixed supply chain(iii)							(126.0)
Selling costs(iii)							(82.0)
Overheads and other costs(ii)							(131.4)
Adjusted EBIT(iv)							**206.0**
Net finance costs pre-adjusting items							(17.3)
Adjusting items(iv)							(13.6)
Profit before tax							**175.1**

Year ended 30 September 2021	GB £m	Brazil £m	Other International: Ireland £m	France £m	International £m	Subtotal £m	Restated(i) Total £m
Revenue from external customers	**956.1**	**114.1**	**128.3**	**164.9**	**41.7**	**334.9**	**1,405.1**
Brand contribution	**381.0**	**21.1**	**46.2**	**49.7**	**10.5**	**106.4**	**508.5**
Non-brand advertising & promotion(ii)							(8.3)
Fixed supply chain(iii)							(122.1)
Selling costs(iii)							(75.1)
Overheads and other costs(ii)							(126.5)
Adjusted EBIT(iv)							**176.5**
Net finance costs pre-adjusting items							(17.7)
Adjusting items(iv)							(24.2)
Profit before tax							**134.6**

(i) Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11)
(ii) Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation (excluding acquisition-related amortisation).
(iii) Included within 'selling and distribution costs' in the consolidated income statement.
(iv) See non-GAAP reconciliations at the end of this announcement for further details on adjusting items.

5. Income tax

	2022 £m	Restated* 2021 £m
Current income tax		
Current tax charge	(20.0)	(22.6)
Amounts over provided in previous years	4.7	2.3
Total current tax charge	**(15.3)**	**(20.3)**
Deferred income tax		
Origination and reversal of temporary differences	(16.7)	(6.0)
Impact of change in tax rates	(1.3)	(11.2)
Amounts under provided in previous years	(1.6)	(0.6)
Total deferred tax charge	**(19.6)**	**(17.8)**
Total tax charge in the income statement	**(34.9)**	**(38.1)**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

6. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	2022	Restated* 2021
Basic earnings per share		
Profit for the year attributable to equity shareholders (£m)	140.2	96.5
Weighted average number of ordinary shares in issue for basic earnings per share	266.5	266.8
Basic earnings per share (pence)	**52.6p**	**36.2p**
Diluted earnings per share		
Profit for the year attributable to equity shareholders (£m)	140.2	96.5
Effect of dilutive potential ordinary shares – share schemes	0.5	0.6
Weighted average number of ordinary shares in issue for diluted earnings per share	267.0	267.4
Diluted earnings per share (pence)	**52.5p**	**36.1p**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

The Group has granted share options to employees which have the potential to dilute basic earnings per share in the future which have not been included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented.

7. Dividends paid and proposed

	2022 £m	2021 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2021: 17.7p per share (2020: 21.6p per share)	47.2	57.5
Interim dividend for 2022: 7.8p per share (2021: 6.5p per share)	20.7	17.3
Dividends paid	**67.9**	**74.8**
Proposed		
Final dividend for 2022: 21.2p per share (2021: 17.7p per share)	55.8	47.3

8. Interest-bearing loans and borrowings

	2022 £m	2021 £m
Current		
Private placement notes	(42.9)	(2.8)
Less: unamortised issue costs	0.7	0.6
Total current	**(42.2)**	**(2.2)**
Non-current		
Private placement notes	(565.0)	(579.2)
Less: unamortised issue costs	1.9	2.3
Total non-current	**(563.1)**	**(576.9)**
Total interest-bearing loans and borrowings	**(605.3)**	**(579.1)**

Total interest-bearing loans and borrowings comprise the following:

	2022 £m	2021 £m
2010 notes	(39.4)	(33.5)
2014 notes	(117.2)	(99.6)
2017 notes	(175.0)	(175.0)
2018 notes	(120.1)	(119.4)
2020 notes	(152.7)	(151.7)
Accrued interest	(3.5)	(2.8)
Unamortised issue costs	2.6	2.9
Total interest-bearing loans and borrowings	**(605.3)**	**(579.1)**

Analysis of changes in interest-bearing loans and borrowings:

	2022 £m	2021 £m
At the beginning of the year	(579.1)	(664.7)
Other loans repaid	–	0.1
Repayment of private placement notes*	–	74.1
Issue costs	0.3	0.3
Amortisation of issue costs and write-off of financing fees	(0.6)	(0.6)
Net translation gain and fair value adjustment	(25.2)	11.1
Accrued interest	(0.7)	0.6
At the end of the year	**(605.3)**	**(579.1)**
Derivatives hedging balance sheet debt**	42.9	19.5
Debt translated at contracted rate	**(562.4)**	**(559.6)**

* During the year ended 30 September 2021, the Group repaid £74.1m of private placement notes, comprising £54.1m related to the 2010 notes and £20.0m related to the 2014 notes. £7.1m was also received on maturity of derivatives hedging the 2010 notes and £1.6m was received in respect of the firm commitment for the 2010 notes, resulting in net cash outflows presented in the consolidated statement of cash flows of £65.4m.

** Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in interest-bearing loans and borrowings.

9. Derivatives and hedge relationships

	2022 £m	2021 £m
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps*	31.1	17.7
USD GBP cross currency floating interest rate swaps***	–	1.9
Forward currency contracts*	0.4	0.1
Commodity contracts*	11.0	2.4
Interest rate swaps*	3.4	0.1
	45.9	**22.2**
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps*	7.4	0.6
USD GBP cross currency floating interest rate swaps***	4.4	0.3
Forward currency contracts**	0.5	–
Forward currency contracts*	3.3	0.4
Forward currency contracts	0.2	–
Commodity contracts*	11.6	2.7
Commodity contracts****	11.5	–
	38.9	**4.0**
Current liabilities: derivative financial instruments		
Forward currency contracts*	–	(1.1)
Forward currency contracts	(1.3)	(0.2)
GBP euro cross currency floating interest rate swaps**	(1.0)	–
Commodity contracts*	(8.2)	(0.1)
Commodity contracts****	(0.7)	–
	(11.2)	**(1.4)**
Non-current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps**	–	(0.6)
Commodity contracts*	(0.4)	–
	(0.4)	**(0.6)**
Net derivative financial assets	**73.2**	**24.2**

* Instruments designated as part of a cash flow hedge relationship.
** Instruments designated as part of a net investment hedge relationship.
*** Instruments designated as part of a fair value hedge relationship.
**** Instruments for which cash flow hedge accounting has been discontinued.

10. Share capital and own shares reserve

The movements in the company's issued share capital were as follows:

Issued, called up and fully paid ordinary shares	**No. of shares**	**Nominal value £m**
At 1 October 2020	266,916,062	53.4
Shares issued relating to incentive schemes for employees	398,575	0.1
At 30 September 2021	**267,314,637**	**53.5**
Shares issued relating to incentive schemes for employees	445,546	0.1
Shares cancelled pursuant to share buyback	(4,459,302)	(0.9)
At 30 September 2022	**263,300,881**	**52.7**

The issued share capital is wholly comprised of ordinary shares carrying one voting right each.

The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

The movements in the company's own shares reserve were as follows:

	Value £m
At 1 October 2020	3.7
Shares issued/purchased for share schemes	1.5
Shares used to satisfy share schemes	(3.7)
At 30 September 2021	**1.5**
Shares issued/purchased for share schemes	10.1
Shares used to satisfy share schemes	(5.5)
Shares purchased pursuant to share buyback	37.7
Shares cancelled pursuant to share buyback	(36.6)
At 30 September 2022	**7.2**

The own shares reserve represents shares in the company purchased from the market and held by an employee benefit trust to satisfy share awards under the Group's share schemes as well as shares purchased for cancellation as part of the share buyback programme (see below). Shares purchased for cancellation are included in the own shares reserve until cancellation, at which point the consideration paid is transferred to retained earnings and the nominal value of the shares is transferred from share capital to the capital redemption reserve.

Share buyback programme

On 23 May 2022, the company commenced a share buyback programme (the Programme) to repurchase ordinary shares with a market value of up to £75.0m. The purpose of the Programme is to reduce the company's share capital and therefore the shares purchased pursuant to the Programme are subsequently cancelled. The Programme takes place within the limitations of the authority granted to the Board at the company's last Annual General Meeting, held on 27 January 2022, pursuant to which the maximum number of shares that can be bought back by the company is 26,736,653.

During the year ended 30 September 2022, the company purchased 4,612,302 ordinary shares under the Programme at an average price of 816.4p per share and an aggregate cost of £37.8m (including £0.1m of transaction costs). A financial liability of £1.1m in respect of shares to be delivered under a share repurchase agreement with an external bank is included in other current liabilities. During the year ended 30 September 2022, the company cancelled 4,459,302 ordinary shares that had been purchased pursuant to the buyback.

11. Restatement – Software as a Service (SaaS) arrangements

As disclosed in note 2, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements. This is in response to the IFRS Interpretations Committee (IFRIC) agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Group's accounting policy has historically been to capitalise costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets in the balance sheet, irrespective of whether the services were performed by the SaaS supplier or a third party. The Group has reviewed its SaaS arrangements and has applied the guidance in the agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received.

The implementation of the updated accounting policy gave rise to a restatement of historical financial information in accordance with IAS 8 as set out below. This change led to an £11.8m reduction in intangible assets at 30 September 2021 (£3.5m at 1 October 2020) and an £8.3m reduction in profit before tax in the year ended 30 September 2021. Substantially all of the SaaS implementation costs that have been expensed relate to systems that were in the process of being implemented at the comparative balance sheet dates and therefore the impact of reversing amortisation has not been material to the comparative income statements. The taxation charge and associated deferred tax balances have also been restated by the amounts shown below. Total net assets and retained earnings at 30 September 2021 decreased by £9.6m (£2.9m at 1 October 2020).

Impact of restatement on the income statement and statement of comprehensive income

	Year ended 30 September 2021		
Income statement and statement of comprehensive income (extract)	**As reported £m**	**Adjustment £m**	**As restated £m**
Administration expenses	(200.2)	(8.3)	(208.5)
Operating profit	**160.7**	**(8.3)**	**152.4**
Profit before tax	**142.9**	**(8.3)**	**134.6**
Income tax	(39.7)	1.6	(38.1)
Profit for the year attributable to equity shareholders	**103.2**	**(6.7)**	**96.5**
Total comprehensive income for the year attributable to the equity shareholders	**120.5**	**(6.7)**	**113.8**
Basic earnings per share	38.7p	(2.5)p	36.2p
Diluted earnings per share	38.6p	(2.5)p	36.1p

Impact of restatement on the balance sheet

	30 September 2021		
Balance sheet (extract)	**As reported £m**	**Adjustment £m**	**As restated £m**
Intangible assets	418.3	(11.8)	406.5
Total assets	**1,745.8**	**(11.8)**	**1,734.0**
Deferred tax liabilities	(100.7)	2.2	(98.5)
Total liabilities	**(1,325.5)**	**2.2**	**(1,323.3)**
Net assets	**420.3**	**(9.6)**	**410.7**
Retained earnings	158.4	(9.6)	148.8
Total equity	**420.3**	**(9.6)**	**410.7**

Balance sheet (extract)	1 October 2020 As reported £m	 Adjustment £m	 As restated £m
Intangible assets	403.5	(3.5)	400.0
Total assets	**1,700.8**	**(3.5)**	**1,697.3**
Deferred tax liabilities	(68.7)	0.6	(68.1)
Total liabilities	**(1,325.3)**	**0.6**	**(1,324.7)**
Net assets	**375.5**	**(2.9)**	**372.6**
Retained earnings	111.9	(2.9)	109.0
Total equity	**375.5**	**(2.9)**	**372.6**

Impact of restatement on the statement of cash flows

Statement of cash flows (extract)	Year ended 30 September 2021 As reported £m	 Adjustment £m	 As restated £m
Cash flows from operating activities			
Profit before tax	142.9	(8.3)	134.6
Increase in trade, other payables and commercial rebate liabilities	74.2	1.3	75.5
Net cash flows from operating activities	**232.3**	**(7.0)**	**225.3**
Cash flows from investing activities			
Purchases of intangible assets	(17.3)	7.0	(10.3)
Net cash flows used in investing activities	**(104.2)**	**7.0**	**(97.2)**
Net increase/(decrease) in cash and cash equivalents	**(35.0)**	**-**	**(35.0)**

N O N - G A A P   R E C O N C I L I A T I O N S

Adjusting items

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

These items primarily relate to strategic restructuring, impairment of assets, acquisitions and disposals. In addition, the amortisation of acquisition-related intangibles and the expense associated with the change in accounting policy for SaaS arrangements are considered to be adjusting items.

Adjusted KPIs are used to measure the underlying profitability of the Group and enable comparison of performance against peers. They are also used in the calculation of short and long-term reward schemes.

In prior years adjusting items included fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. Consideration is made each year as to whether fair value movements on derivative financial instruments where hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship, are recorded within adjusting items.

	Notes	**Year ended 30 September 2022 £m**	**Restated* Year ended 30 September 2021 £m**
Implementation of SaaS accounting guidance	(a)	(7.5)	(8.3)
Strategic restructuring – business capability programme	(b)	(0.5)	(1.0)
Strategic restructuring – organisational capability transformation	(c)	1.5	(5.7)
Credits in relation to the acquisition and integration of subsidiaries	(d)	0.3	0.7
Strategic M&A activity	(e)	1.0	(0.9)
Past service cost on pension schemes	(f)	-	(0.7)
Acquisition-related amortisation	(g)	(8.4)	(8.2)
Total included in operating profit		**(13.6)**	**(24.1)**
Unwind of discount on consideration payable for acquisitions	(h)	–	(0.1)
Total included in finance costs		**–**	**(0.1)**
Total adjusting items pre-tax		**(13.6)**	**(24.2)**
Tax on adjusting items included in profit before tax		1.2	2.6
Total included in taxation		**1.2**	**2.6**
Net adjusting items		**(12.4)**	**(21.6)**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11)

a) Implementation of change in accounting policy in relation to customisation and configuration costs of SaaS has resulted in certain expenditure expensed as incurred (see note 11) – this has been presented as an adjusting item in the current and prior financial year. From 1 October 2022, all SaaS expenditure that does not meet the criteria for recognition as an intangible asset and that will be expensed as incurred, will ordinarily be presented within underlying earnings and not be presented as an adjusting item.

b) 'Strategic restructuring – business capability programme' charges relate to the restructuring of supply chain and the operating model across the Group, initiated in 2016. Costs in the year of £0.5m relate to the closure of the Norwich site and are primarily site services, advisory and exit costs. Costs in the year ended 30 September 2021 were of a similar nature.

c) 'Strategic restructuring – organisational capability transformation' charges in the current year mainly relate to the release of historic provisions in relation to the closure of the Counterpoint business, including the reclassification of cumulative translation gains of £0.8m from other comprehensive income to profit or loss upon liquidation. Costs in the prior year primarily related to contract termination costs, consultation fees and employee termination benefits.

d) Relates to the release of purchase price allocation provisions for Bela Ischia Alimentos Ltda (Bela Ischia) and Empresa Brasileira de Bebidas e Alimentos SA (Ebba).

e) Strategic M&A credit of £1.0m in relation to remeasurement and utilisation of historic provisions. Activity costs in the prior year relates to professional fees, stamp duty and long-term incentive schemes in relation to the acquisition of Plenish.

f) During the 12 months ended 30 September 2021, a charge of £0.7m for past service costs was recognised resulting from the equalisation of Guaranteed Minimum Pensions (GMP) for the GB defined benefit scheme.

g) Acquisition-related amortisation relates to the amortisation of intangibles recognised on acquisitions in GB, Ireland, France and Brazil.

h) The unwind of discount on consideration payable for acquisitions relates to the change in fair value of the deferred consideration payable for Aqua Libra Co.

Adjusted profit

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Operating profit as reported	192.4	152.4
Add back: adjusting items in operating profit	13.6	24.1
Adjusted EBIT	**206.0**	**176.5**
Net finance costs	(17.3)	(17.8)
Add back: adjusting net finance costs	-	0.1
Adjusted profit before tax and acquisition-related amortisation	**188.7**	**158.8**
Acquisition-related amortisation	(8.4)	(8.2)
Adjusted profit before tax	**180.3**	**150.6**
Taxation	(34.9)	(38.1)
Less: adjusting tax credit	(1.2)	(2.6)
Adjusted tax	**(36.1)**	**(40.7)**
Adjusted profit after tax	**144.2**	**109.9**
Adjusted effective tax rate	**20.0%**	**27.0%**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

Adjusted earnings per share

	2022	Restated* 2021
Adjusted earnings per share		
Profit for the year attributable to equity shareholders (£m)	140.2	96.5
Add: net impact of adjusting items (£m)	12.4	21.6
Adjusted earnings (£m)	152.6	118.1
Weighted average number of ordinary shares in issue for basic earnings per share	266.5	266.8
Adjusted earnings per share (pence)	**57.3p**	**44.3p**
Adjusted diluted earnings per share		
Adjusted earnings (£m)	152.6	118.1
Weighted average number of ordinary shares in issue for diluted earnings per share	267.0	267.4
Adjusted diluted earnings per share (pence)	**57.2p**	**44.2p**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

Free cash flow

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Net cash flows from operating activities	239.6	225.3
Purchases of property, plant and equipment	(72.9)	(56.4)
Purchases of intangible assets	(11.7)	(10.3)
Proceeds from sale of property, plant and equipment	-	0.1
Interest paid, net of derivative financial instruments	(14.8)	(15.4)
Repayment of principal portion of lease liabilities	(9.3)	(8.7)
Repayment of interest portion of lease liabilities	(2.1)	(1.9)
Free cash flow	**128.8**	**132.7**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

Adjusted net debt/EBITDA and EBITDA/net interest ratios

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Operating profit as reported	192.4	152.4
Add back adjusting items in operating profit	13.6	24.1
Adjusted EBIT	**206.0**	**176.5**
Depreciation of property, plant and equipment	40.9	42.7
Depreciation of right-of-use assets	10.9	10.5
Amortisation (excluding acquisition-related amortisation)	7.2	6.6
Loss on disposal of property, plant and equipment and intangible assets	0.9	2.8
Adjusted EBITDA pre-IFRS 16 rental charges	**265.9**	**239.1**
Less: payment of lease liabilities as estimate for pre-IFRS16 rental charges	(11.4)	(10.6)
Adjusted EBITDA	**254.5**	**228.5**
Adjusted net debt	474.8	488.5
Adjusted EBITDA	254.5	228.5
Net debt/EBITDA ratio	**1.9x**	**2.1x**
Net interest as reported	(17.3)	(17.8)
Add back hedge ineffectiveness	(0.2)	1.0
Add back IFRS 16 interest on lease liabilities	2.1	1.9
Adjusted net interest	**(15.4)**	**(14.9)**
EBITDA/net interest ratio	**16.5x**	**15.3x**

* Restated for new accounting policy relating to Software-as-a-Service arrangements (see note 11).

Adjusted net debt

	30 September 2022 £m	30 September 2021 £m
Cash and cash equivalents	(87.6)	(71.1)
Derivatives hedging balance sheet debt	(42.9)	(19.5)
Interest-bearing loans and borrowings	605.3	579.1
Adjusted net debt	**474.8**	**488.5**