Britvic plc Preliminary Results – 24 November 2021

"Emerging stronger, confident in future growth prospects"

For the year ended 30 September 2021

Group Financial Headlines:

- Revenue increased 6.6%* to £1,405.1m (reported -0.5%)
- Adjusted EBIT increased 10.0%* to £176.5m (reported +6.5%), statutory EBIT increased 23.3%
- Adjusted EBIT margin increased 40bps* to 12.6% (reported +90bps)
- Profit after tax increased 9.1% to £103.2m
- Adjusted earnings per share of 44.3p, up 2.5%, impacted by a one-off deferred tax charge of £11.2m
- Record free cash flow generation of £132.7m enabling a £31.9m reduction in adjusted net debt
- Full year dividend +12.0%, reflecting the board's confidence in our prospects and strong balance sheet

Highlights:

- Revenue growth in GB and Brazil, led by our portfolio of family favourite brands
- Continued growth in At-Home channels with Out-of-Home rebounding in the second half
- Margin rate progression while rebuilding investment in our people, brands, and infrastructure
- Continued progress against our strategic objectives including:
    - Accessing new growth spaces – Plenish, Aqua Libra Co and Rockstar
    - Simplifying our Irish business with the closure of Counterpoint
    - Converting all GB immediate consumption packs to 100% rPET
- Strong cash generation with adjusted net debt/EBITDA leverage ratio back to 2019 level

Current Trading & FY22 Outlook:

- Encouraging trading with volumes in first six weeks of the year ahead of FY21 and FY20
- Investing behind growth drivers to accelerate long-term revenue and profit trajectory
- Confident in making further progress with revenue, profit and margin growth in 2022 despite inflationary cost pressures

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate (AER)	Underlying % change constant exchange rate*
Revenue	1,405.1	1,412.4	(0.5)%	6.6%
Adjusted EBIT	176.5	165.8	6.5%	10.0%
Adjusted EBIT margin	12.6%	11.7%	90bps	40bps
Adjusting EBIT items**	(15.8)	(35.5)	55.5%	
Statutory EBIT	160.7	130.3	23.3%	
Statutory EBIT margin	11.4%	9.2%	220bps	
Profit after tax	103.2	94.6	9.1%	
Basic EPS	38.7p	35.6p	8.7%	
Adjusted EPS	44.3p	43.2p	2.5%	
Full year dividend per share	24.2p	21.6p	12.0%	
Adjusted net debt/EBITDA	2.1x	2.4x	(0.3)x	

* *Adjusted for constant currency, the French private label juice business that was disposed of in 2020 and the Ireland agency brands which ceased trading in March 2021.*

** *Adjusting EBIT items of £15.8m and £0.1m included in net finance costs are detailed on page 11.*

Simon Litherland, Chief Executive Officer commented:

"This year we have recovered strongly from the effects of the pandemic, with underlying revenue, margin, and profit all in growth. Our disciplined cash management enabled us to pay down debt and to increase our dividend by 12.0%, reflecting our confidence in the business.

We continue to invest in our brands, people, and infrastructure. Our portfolio of trusted family favourite brands has led the growth across our business units, and we continue to access new growth spaces through innovation, the acquisition of Plenish and the relaunch of Rockstar. We have simplified the business in Ireland with the closure of Counterpoint. Our Healthier People, Healthier Planet sustainability programme has also progressed well, with the rollout of recycled PET in GB, and carbon reduction initiatives across the business.

Looking ahead, as we execute our growth strategy, I am confident that we will continue to deliver consistent returns to shareholders. While there are multiple operational headwinds leading to increased inflation, we are confident we will mitigate them through a combination of our agile and resilient supply chain, revenue management and cost saving actions. In 2022 we anticipate making further progress with revenue, profit and margin ahead of 2021."

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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. To ask a question on the webcast, please dial +44 (0)330 336 9125 and enter the confirmation code 6714568.

Notes to editors

About Britvic

Britvic is one of the leading branded soft drinks businesses in Europe. The company combines its own leading brand portfolio including Robinsons, Tango, J2O, London Essence, Plenish, Teisseire and MiWadi with PepsiCo brands such as Pepsi, 7UP, Rockstar and Lipton Ice Tea, which Britvic produces and sells in GB and Ireland under exclusive PepsiCo agreements.

Britvic is the largest supplier of branded still soft drinks in Great Britain (GB) and the number two supplier of branded carbonated soft drinks in GB. 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 Brazil with Maguary, Bela Ischia and Dafruta. Britvic is growing its reach into other territories through franchising, export, and licensing. Britvic's management team has successfully developed the business through a clear strategy of organic growth and international expansion based on creating and building scale brands. Britvic is listed on the London Stock Exchange under the code BVIC and is a constituent of the FTSE250 index.

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 including because of 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 25 September 2021. ROI take-home market data referred to is supplied by Nielsen and runs to 12 September 2021. French market data is supplied by Nielsen and runs to 12 September 2021. Brazil is supplied by Nielsen and runs to 30 September 2021.

Next scheduled announcement
Britvic will publish its quarter one trading statement on 27 January 2022.

Chief Executive Officer's Review

Today we report our results for the year ended 30 September 2021, during which time our business continued to successfully navigate impacts from the COVID-19 pandemic. Once again, I am incredibly proud of the entire Britvic team, who have shown agility and resilience to deliver a strong performance, progress our strategic priorities and support each other and our communities. On behalf of the Board and the Executive, I would like to extend my thanks to each of them and their families for their continued commitment.

Our financial performance in the first half was impacted by lockdowns and social distancing measures across our markets. This impacted our channel mix, with the At-Home channel growing strongly, while Out-of-Home trading was significantly impacted by On-Trade closures and capacity limitations. As COVID-19 restrictions eased in the second half, Out-of-Home volumes rebounded strongly, while the At-Home channel remained robust. Immediate Consumption volumes benefited from increased mobility levels and people holidaying domestically, recovering back to 2019 levels in quarter four.

Across our markets we activated a range of exciting marketing campaigns, such as the Pepsi MAX sponsorship of the Champions League, launched new flavours to broaden appeal, such as Tango Dark Berry, and executed in-store and online activity to ensure our brands are visible to consumers. Throughout the pandemic we have strengthened our relationships with customers and suppliers, ensuring that together we could respond with agility to the changing market circumstances. These relationships and our well-invested GB supply chain enabled us to successfully navigate the market-wide supply chain disruptions during the summer and protect our on-shelf availability.

Our performance, and the financial strength of our business, gave us the confidence to increase investment in the second half behind our brands, infrastructure, people, and planet initiatives, and we are emerging from the pandemic as a stronger, faster growing, more resilient business.

I am delighted with the progress we have made across both key financial and non-financial performance indicators. Underlying revenue grew 6.6%, adjusted EBIT 10.0% and margin increased 40bps in the year. Our focus and discipline on cash enabled us to generate record free cash flow of £132.7m, reducing our leverage ratio back to the 2019 level of 2.1x. A priority has also been further progress on our Healthier People, Healthier Planet programme and in the year our employee engagement score of 80 has been top quartile, our calories per serve well below our 30 calories target and we have moved all our Immediate Consumption packs into 100% rPET.

Progress towards our strategic priorities

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. We have stress tested the strategy for the post-COVID-19 world and remain confident that it will enable us to leverage Britvic strengths and respond to the changing consumer and market trends to drive strong top-line growth. With a portfolio of market-leading brands, a strong multi-channel route to market and collaborative customer relationships in all our geographies, we believe we are well-placed to continue to deliver excellent returns to shareholders and our other stakeholders.

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:

- GB – 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

Build local favourites and global premium brands

Consumers have increasingly turned to brands they trust, that taste fantastic and are better for them. So our focus on developing and growing healthier soft drinks has been pivotal to our success and our portfolio of low and no calorie family favourite brands and better for you innovation have continued to resonate strongly.

In GB, we have delivered growth across the portfolio. Pepsi MAX, 7UP free and Tango, our mainstream carbonated brands, had an excellent year, growing revenue and retail sales value. Pepsi's retail value, as measured by Nielsen, crossed the £700m threshold, with no sugar MAX the driver of growth. Market share was stable after the large gains in 2020, while both 7UP and Tango gained market share in the year. With the lifting of restrictions, our socialising brands, such as J20 and Fruit Shoot, have returned to growth as the On-Trade and schools reopened, and mobility normalised. With increased people movement, immediate consumption has rebounded in the latter part of the year. This has benefited both small pack formats across the portfolio and brands such as Lipton, Purdey's and Aqua Libra, which are sold mostly in immediate consumption pack formats. As an example, Lipton revenue increased 47% in the second half of the year.

In Brazil, we have continued to build scale through our core and innovation brands, delivering another year of double-digit revenue growth. Ready-to-drink formats revenue grew 32.5%, with our core brands Maguary, Dafruta and Bela Ischia performing strongly, as well as newer brands Puro Coco, Seleção grape juice, Fruit Shoot and Natural Tea making a meaningful contribution as they build scale.

Last year in France we completed the sale of the low-margin private label juice business, to enable us to focus on our portfolio of brands. Fruit Shoot grew revenue 19.5% and market share 20bps, while Pressade held onto market share but saw a decline in revenue of 5.5%. In the Netherlands, Teisseire retail sales value increased by nearly 26% in the year. In Ireland, we exited the wholesaling of third-party brands, which were low margin and low growth, retaining access to the On-Trade for our brands through distribution agreements. At-Home performance remained strong throughout the year and as lockdown restrictions eased, increased consumer demand led to a bounce-back in quarter four in the On-Trade and Immediate Consumption.

The performance of our premium brands in other international markets was heavily impacted by COVID-19 related restrictions on global travel and the On-Trade. More recently we have started to see a recovery as restrictions eased, and London Essence is now available in double the number of outlets compared to 2019.

Flavour billions of water occasions

2020 saw a significant acceleration of growth in flavouring billions of water occasions with our flavoured concentrates brands, as consumers spent significantly more time at home across the all-important spring and summer period. Against this tough comparable, Robinson's revenue declined in 2021, but encouragingly its retail value remains above pre-pandemic levels. More recently we have launched new flavours to broaden appeal and announced new ranges for 2022, with added functional benefits such as vitamins, to build on our leadership in healthy hydration.

In Brazil, our liquid concentrate brands now have a 76% share of the market, leading the healthy hydration opportunity. We have expanded the range in recent years, with new pack formats and ranges to promote healthy hydration and ensure affordability. This focus will continue in the future as we aim to build the scale and reach of our brands.

In France, our brands gained market share, despite the backdrop of an extremely tough 2020 comparable. The combination of this with adverse summer weather led to a decline in year-on-year revenue. We continue to rejuvenate the brands, with additional ranges and flavours coming to market.

We have continued to innovate across our markets with new liquids and types of packaging, to ensure we bring excitement and develop opportunities to grow the category though our leadership. For example, earlier in the year we launched added vitamins and zinc to MiWadi in Ireland, while in GB we have recently launched a range of Robinsons Minis, targeted at specific consumer needs, with offerings such as 'Vitality' and 'Boost'.

Healthier People, Healthier Planet

Our Healthier People, Healthier Planet sustainable business programme remains core to what we do. In terms of People, as well as prioritising consumer health and wellbeing, we have been working hard to build a truly diverse and inclusive environment to retain and recruit the best talent. Across the business, we have several vibrant employee networks to help all our employees thrive at Britvic. In these times of mental and emotional health challenges, the holistic wellbeing of our people is especially important.

We have also made strong progress this year on Healthier Planet. As we work to minimise the impact of our packaging on the planet, the rollout of recycled PET across our GB and Ireland portfolios is now up to 30%. We have leading brands such as Fruit Shoot and Ballygowan and all our immediate consumption packs in 100% rPET. As well as continuing to reduce our carbon emissions, we have redoubled our focus on water stewardship and in GB have partnered with The Rivers Trust, working with them at each of our manufacturing sites on initiatives to protect this critical resource.

In Ireland, as well as the relaunch of Ballygowan in 100% recycled PET, we achieved a gold award from Origin Green – Ireland's leading sustainability network for food and beverage companies. In Brazil, we have partnered with farmers and educational bodies to ensure efficient, sustainable production, and have achieved our first full year of zero waste to landfill. We are also increasingly powered by biomass in Brazil, reducing our carbon footprint further.

Access new growth spaces

In GB, I am particularly pleased with the progress we have made in accessing new growth spaces. Across the core portfolio, we have launched new flavours to broaden appeal to both new and existing consumers, including Pepsi MAX Lime and Tango Dark Berry. We have launched new offerings to expand our health and wellbeing leadership, including the relaunch of our natural energy brand, Purdey's, and we have leveraged our dispense leadership to offer new experiences and access new occasions with the rollout of London Essence Tonic on Tap and Aqua Libra Co expansion beyond workplace into leisure and retail.

With the acquisition of Plenish, we now play in the high growth plant-based drinks category. We are on track with the integration, and we have made good progress, leveraging our strong customer relationships to gain new listings in the UK and Europe, and using our group innovation and brand development capability to support a brand relaunch next year.

With the extension of the PepsiCo agreement in 2020, we took on the Rockstar brand, in the scale energy category. During the year we have worked with PepsiCo to bring to market a new, higher priced Rockstar proposition, with a new pack design and new liquids, some with added health benefits, and supported by a new marketing platform based around gaming. These innovations and entries into new categories offer Britvic significant growth opportunities as we scale these brands in the years ahead.

In Brazil, we have continued to expand our category presence, nurturing, and scaling recent launches such as Puro Coco, Seleção, Natural Tea and the Nuts brands. In addition, while still a small part of the business, we are trialling some of our group brands, including Pressade organic juice, Britvic mixers and Mathieu Teisseire syrups to establish a presence in premium categories that have long-term potential.

Generate fuel for growth through efficiency

It is essential that we continually drive improvement in our operations both to build our margin and to release funds for reinvestment behind our growth drivers. We will continue to invest where it makes financial sense to do so, and we will continue to focus on optimising our footprint in each of our markets. We are responding to customers' drive for simpler ranges and more recession-oriented value solutions through portfolio optimisation and continuing our revenue management journey.

We are investing in our technology and infrastructure to support our growth ambitions. This year we are implementing new commercial systems to enhance our revenue growth management and customer relationship management capability. In response to strong demand for cans in GB, we are increasing capacity through the installation of a fourth can line, to complement the three that formed part of the recent Business Capability Programme. We are also upgrading our GB National Distribution Centre and we have implemented SAP Ariba to support our supplier relationship management and ultimately our end-to-end purchasing efficiency.

Transform organisational capability and culture

At the outset of this strategic evolution, we recognised that to achieve our future growth ambitions, we would need to build on the organisational capabilities which have delivered such a strong performance track record, with new ones which would ensure the company can continue to thrive in the years ahead.

We are using some of our learnings from the pandemic to enable our people to work together in simple, focused, and agile ways. We are using technology to ensure connected collaborative working everywhere, and we are refreshing our office environments as part of our global hybrid working programme, Working Well. We continue to invest in wellbeing programmes in each of our markets through My Life, and our active Diversity and Inclusion employee networks are flourishing. We are also supporting our people's development through a significant expansion in our online training library, embracing e-learning on a global scale.

We are developing a centre of excellence for consumer experience which is focused on enhancing our digital marketing capability. We are integrating the end-to-end consumer experience of our brands with interactive communications across social media, while also developing an in-house digital studio to create marketing content.

Selective M&A to accelerate growth

While we can achieve much of our ambition organically, we do see opportunities to accelerate the pursuit of our strategy through disciplined inorganic expansion. We look at opportunities both to continue our geographic expansion and as an alternative to innovation in order to expand our portfolio into new growth spaces. This year for example, we acquired Plenish to access the growing opportunity of plant-based drinks and targeted the energy sector through the expansion of our partnership with PepsiCo to include Rockstar. In the last two years we have also executed the disposal of the private label juice business in France and the closure of Counterpoint in Ireland, both initiatives intended to simplify our operations and work towards our Western European objective of improving our profitability, while enabling the local management team to focus on the higher-margin branded portfolio.

Outlook

We have started our new financial year with good trading momentum. I am confident that with our strong portfolio of core brands, marketing plans, innovation, and new growth opportunities, we will continue to accelerate our growth trajectory. Like others, we are facing into inflationary pressures, but we are confident we will minimise the impact on our business through revenue growth management, smart procurement and other cost initiatives. We anticipate further progress against our key financial metrics in 2022 and are confident we will continue to deliver superior returns in the years ahead.

Chief Financial Officer's Review

Overview

We have delivered a strong performance in the year with all key financial metrics on a positive trajectory, reflecting the resilience and agility of our business and the entire global Britvic team. Underlying Group revenue increased 6.6% year-on-year and we saw a sequential improvement through the year with our second half revenue increasing 16.8% year-on-year and 3.3% versus second half revenue in our financial year 2019.

Adjusted EBIT increased 10.0% to £176.5m resulting in an adjusted EBIT margin of 12.6%, a 40-basis points improvement year-on-year. Profit performance reflects improved operating leverage as volumes increased, a partial improvement in mix and continued discipline on discretionary spend, all of which enabled us to rebuild investment in the business. Adjusted EPS increased 2.5% year-on-year with growth impacted by a higher effective tax rate versus last year. This reflects the one-off, non-cash revaluation of deferred tax in line with the proposed and enacted 6% increase in the UK corporation tax rate from April 2023 onwards.

Our cash performance was particularly strong with a year-on-year improvement of £42.7m in free cash flow, driven by a continued focus on day-to-day cash management. As a result, we have delivered an adjusted net debt/EBITDA ratio of 2.1x which is in line with year-end leverage in our financial year 2019. The full year dividend equates to 24.2p per share, which represents a year-on-year increase of 12.0%. This maintains the 50% pay-out ratio in line with our stated dividend policy, after adjusting for the one-off deferred tax impact on adjusted EPS.

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

GB	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate
Volume (million litres)	1,697.2	1,621.0	4.7%
ARP per litre	56.3p	54.6p	3.1%
Revenue	956.1	884.9	8.0%
Brand contribution	381.0	351.0	8.5%
Brand contribution margin	39.8%	39.7%	10bps

In GB, we have made good progress across all metrics with revenue growth of 8.0% being driven by the At-Home channel which grew at 10.9% vs FY20 and by 16.6% vs FY19. While Out-of-Home was broadly flat for the full year and continues to lag pre-COVID-19 levels, we did see a strong recovery in the second half of the year.

ARP growth of 3.1% was driven by an improved mix across both channels and packs with immediate consumption volumes back to 2019 levels in Q4. This mix improvement was seen across our brand portfolio, including Pepsi, 7UP, Tango, Robinsons RTD and Lipton. We increased our A&P in the second half in GB to levels above H2 2019 which held back margin growth in the full year but enabled us to take full advantage of the easing of restrictions.

Brazil	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	288.3	251.0	14.9%	14.9%
ARP per litre	39.6p	45.1p	(12.2)%	5.3%
Revenue	114.1	113.1	0.9%	21.0%
Brand contribution	21.1	24.8*	(14.9)%	2.5%
Brand contribution margin	18.5%	21.9%	(340)bps	(330)bps

* Reclassification of certain 2020 costs in Brazil (£0.2m) variable to fixed costs to allow like-for-like comparison with 2021.

In Brazil, we saw a continuation of strong double-digit volume and revenue growth with revenue at constant currency up 21% which after adjusting for PIS/COFINS tax benefits translates to underlying revenue growth of 22.4%. This was driven by both volume and ARP growth, with Maguary RTD's revenue growing by 40% and our innovation brands Puro Coco and Natural Tea growing by 71% and 69% respectively. Flavour concentrates revenue saw a modest decline, against a tough 2020 comparable, when the category benefited from consumers drinking more at home. While brand contribution grew in the year, brand margin declined 330bps driven by continued inflationary pressures and product mix.

Other International	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	389.9	469.8	(17.0)%	0.2%
ARP per litre	85.9p	88.2p	(2.6)%	(1.4)%
Revenue	334.9	414.4	(19.2)%	(1.3)%
Brand contribution	106.4	129.6	(17.9)%	(1.9)%
Brand contribution margin	31.8%	31.3%	50bps	(20)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. % change like-for-like excludes France private label and Counterpoint agency brands.

Across Other International, while underlying volume grew 0.2%, ARP declined 1.4% and revenue declined 1.3%. This was due to weaker performance in France, which was impacted by poor summer weather and a tough comparable from syrups growth in 2020, and restrictions in the On-Trade and global travel in other international markets. Ireland began to recover strongly in the second half with revenue growing 20.4%, resulting in full year revenue growth of 1.6% versus 2020 (after adjusting for the Counterpoint agency business closure). Brand contribution margin declined 20bps.

Fixed costs – pre-adjusting items	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Non-brand A&P	(8.3)	(10.2)	18.6%	18.6%
Fixed supply chain	(122.1)	(132.0)*	7.5%	(2.2)%
Selling costs	(75.1)	(77.4)	3.0%	0.5%
Overheads and other	(126.5)	(120.0)	(5.4)%	(10.5)%
Total	(332.0)	(339.6)	2.2%	(3.9)%
Total A&P investment	*(58.0)*	*(46.0)*		
A&P as a % of own brand revenue	*4.1%*	*3.3%*		

* Reclassification of certain 2020 costs in Brazil (£0.2m) variable to fixed costs to allow like-for-like comparison with 2021.

Reported fixed costs declined year-on-year due to the disposal of the private label juice business in France at the end of 2020, while on a like-for-like basis costs increased 3.9%. This reflected continued discipline of the cost base whilst rebuilding investment, most notably A&P and variable reward.

Total A&P was £12.1m higher year-on-year with A&P in the second half £5.1m higher than our second half 2019. Fixed supply chain costs increased 2.2% primarily driven by co-packing in GB for the full year and in Brazil in our first half because of high levels of demand in each of those markets. During the year we increased production capacity in Brazil and with a new can line operational in GB early in the new calendar year co-packing costs will reduce year-on-year in 2022. Overheads and other costs increased 10.5% primarily driven by a rebuild of variable reward.

Interest

The net finance charge for the year ended 30 September 2021 is £17.8m, compared with £19.1m in the comparative period due to lower debt levels through the year. Lower interest on borrowings was partially offset by a charge related to the hedge accounting of private placement notes.

Adjusting items – pre-tax

In the period, the Group incurred, and has separately disclosed, a net charge of £15.9m (2020: £35.7m) of pre-tax adjusting items. Adjusting items comprises:

- strategic restructuring costs £6.7m, primarily relating to the closure of Counterpoint in Ireland;
- a charge of £0.7m for past service costs related to GMP equalisation impacting the GB pension plan;
- acquisition and other costs of £0.3m, primarily related to Plenish; and
- acquisition-related amortisation £8.2m.

Taxation

The adjusted tax charge was £40.7m (2020: £32.1m), which equates to an effective tax rate of 27.0% (2020: 23.2%). The reported net tax charge was £39.7m (2020: £16.6m), which equates to an effective tax rate of

27.8% (2020: 14.9%). The rise in effective tax rate follows the revaluation of deferred tax as a result of the proposed and enacted increase to the UK corporation tax rate from 19% to 25% from April 2023. This 2020 rate of 14.9% was lower than usual following a tax deduction on the loss related to the sale of the French juice business.

Earnings per share (EPS)

Adjusted basic EPS for the period was 44.3 pence, an increase of 2.5% (at actual exchange rates) on the prior year due to higher operating profits offset by a higher effective tax rate due to the deferred tax revaluation. Adjusted diluted EPS improved 2.8%. Basic EPS for the period was 38.7 pence, an increase of 8.7% on last year.

Dividends

The Board is declaring a final dividend of 17.7p per share with a total value of £47.3m, resulting in a full year dividend of 24.2p (£64.6m). This is in line with our stated 50% payout after adjusting EPS for the one-off deferred tax revaluation. The final dividend for 2021 will be paid on 2 February 2022 to shareholders on record as of 17 December 2021. The ex-dividend date is 16 December 2021.

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 £132.7m, compared with £90.0m in the previous year.

Net cash flow from operating activities was £232.3m compared to £168.8m in the previous year as a result of increased profit before tax and improved working capital.

There was a working capital inflow of £16.1m (2020: £13.0m outflow), driven by inflows in trade and other payables of £74.2m (2020: £45.3m outflow) and other current assets of £10.0m (2020: £10.0m outflow); offset by outflows in inventories of £15.4m (2020: £11.9m inflow), provisions of £8.5m (2020: £8.0m inflow) and trade and other receivables of £44.2m (2020: £22.4m inflow).

The inflow in trade and other payables is due to an increase in purchases as trade increased following the removal of COVID-19 restrictions and an increase in variable reward accruals. The other current assets inflow relates to pension contributions (see pensions section below).

The outflow in inventories, which were up £16.5m year-on-year, is mainly driven by an increase in finished goods to protect customer service levels.

The outflow in trade and other receivables is due to the significant increase in trade in the fourth quarter following the removal of COVID-19 restrictions. There has been a strong focus on credit management and collections with average days sales outstanding in GB and Ireland continuing to reduce in the year and a reduction in overdue balances.

Net tax paid in the period of £15.4m is lower than £21.7m net tax paid in the year to 30 September 2020, primarily due to a cash tax rebate in France of £7.0m following the loss on disposal of the juice business recognised in September 2020.

Capital expenditure increased to £73.7m (2020: £50.0m) 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 2021, the Group had £959.7m of committed debt facilities, consisting of a £400.0m 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 £400.0m bank facility was approved by six of the seven lenders in February 2021 extending the maturity of £366.7m of this facility to February 2026. The remaining £33.3m will mature in February 2025.

On 30 September 2021, 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 £488.5m, which compares with £520.4m at 30 September 2020. Reported net debt of £508.0m (excluding derivative hedges) comprised £579.2m of private placement notes and £2.8m of accrued interest, offset by net cash and cash equivalents of £71.1m and unamortised debt issue costs of £2.9m.

Pensions

On 30 September 2021, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £141.2m and IAS 19 pension deficits in Ireland and France totalling £9.6m, resulting in a net pension surplus of £131.6m (30 September 2020: net surplus of £91.1m).

The defined benefit section of the GB 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.

As noted in the 2020 Annual Report, in addition to the expected partnership income of at least £5.0m per annum, the Group had been expected to pay an additional £15.0m into the scheme by 31 December 2019.

However, the Group sought clarity through the courts as to the construction of the wording in the Plan rules on the employer's ability to unilaterally set an alternative rate of pension increase. The original judgment in January 2020 was not in the Group's favour, and it was granted leave to appeal that judgment. The appeal was heard in May 2021.

Pending the outcome of that appeal hearing, the Trustee of the Plan agreed that the Schedule of Contributions be drafted so that payments would be paid into a blocked account.

Therefore, on 30 September 2020 the balance within the blocked account (held on the balance sheet as 'Other current assets') was £10.0m and this increased to £20.0m by 31 March 2021.

During the year, Britvic was successful in its appeal and the ruling on the pension increase issue arrived in its favour. The company can now instruct the setting of future pension increases, within certain statutory limits. Given future increases may not automatically be in line with an inflationary index, the Plan liabilities are now valued based on any changes proposed for prior pension increases, and the company's confirmation of what future pension increases are expected to be. At 30 September 2021, the company has provided for certain future pension increases with reference to no greater than CPI. The change to CPI from RPI at the prior year end has resulted in a reduction in pension liabilities and is the main driver behind the remeasurement gain of £50.5m included within the consolidated statement of comprehensive income. This additionally resulted in the £20.0m held in the blocked account being returned to Britvic.

As a result of the successful appeal no further deficit funding payments are expected to be paid except for the £5.0m annual partnership payment which will continue until 2025. This will be reviewed as part of the next triennial valuation as of 31 March 2022.

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 £6.2m 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 has recorded a charge of £0.7m as part of adjusting items for the estimated cost of GMP equalisation arising from this latest judgment.

COVID-19 update

During the year, government restrictions on trading activity in the Out-of-Home channel and on the movement of people in each of our markets has continued to have an impact on our business. As expected, the largest impacts have been seen in our markets with significant exposure to Out-of-Home, namely GB and Ireland. While Out-of-Home was adversely impacted we saw volumes shift strongly to deferred At-Home consumption with the overall mix adversely impacting margin rate. Restrictions began to ease during our third quarter and trading has been robust through the key summer period on the back of strong customer demand across all channels and recovery in the Out-of-Home channel. Product mix has not yet returned to pre-pandemic levels with At-Home demand remaining strong and Out-of-Home channels not yet back to pre-COVID-19 volumes or revenue levels. Immediate consumption packs began to return to more normalised levels over the summer months.

We have continued to operate a flexible plan that has enabled Britvic to successfully navigate the challenges of the past year and emerge from the pandemic in a strong position as the Out-of-Home market re-opens. During 2020, several actions were implemented to mitigate the adverse impact of the restrictions, including reduced A&P spend, variable reward and discretionary spend as well as stopping all non-essential and non-committed capex. 2021 has seen a re-build of investment in A&P, reward and capex however on-going plans remain flexible to allow us to react as necessary in the event of further restrictions or lockdowns.

Previous sensitivity analysis that quantified the expected impact on our business of a full lockdown in all our markets proved to be reasonable during the period of the most widespread restrictions in 2020. In assessing the impact of any future restrictions, we now have a greater level of clarity on the trends we would expect to see in each of our markets and the mitigating actions we can take. In 2022, the possibility of additional COVID-19-related restrictions means there remains some degree of uncertainty in predicting the outlook for our business.

Considering all learnings to date, we have continued to analyse a range of possible scenarios to model different levels of impact on revenue, profit and cash, and the offsetting effect of the controllable mitigating actions over the course of the next 16 months. We have tested the impact on debt covenant headroom through this period. Under all the scenarios modelled, and before any mitigating actions, our forecasts indicate a high level of covenant headroom.

These scenarios include a range of estimated impacts, primarily based on the length of time various levels of possible restrictions may be in place, and the severity of the consequent impact of those restrictions on our routes to market and consumer behaviour. For each of our markets we have sensitised the expected revenue, profit, and cash flow impact of reduced trading activity in our Out-of-Home channel and changes in product mix. The assumptions used reflect the trends we have seen in 2020 and 2021. The scenarios are most sensitive to the assumptions made for GB and Ireland, where we have more significant exposure to Out-of-Home channels. France and Brazil are predominantly At-Home markets and therefore drive less sensitivity.

Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact our ability to meet demand. We continue to believe that the risk of enforced factory closure is low, and Britvic has implemented additional health and safety measures in each of our factories to reduce the risk of a major supply disruption. We have also put contingency supply arrangements in place for key raw materials should they be required. Our significant investment in supply chain capability has provided a high level of operational resilience during even the most challenging times and gives us confidence we can meet future demand.

In all the scenarios we have modelled, there remains significant liquidity headroom under our existing debt facilities at each month end. On 30 September 2021, the adjusted net debt position was £488.5m and our covenant net debt/EBITDA ratio was 2.1x, with a covenant EBITDA/net interest ratio of 15.3x. The RCF of £400.0m was undrawn, with an additional £71.1m of cash holdings. The Group has issued long term private placement notes totalling approximately £559.7m, with maturities out to 2035. Of these, £27.8m of USPP notes are due to mature in December 2022 (FY23). During the year, we extended the maturity of our

£400.0m RCF for one year, with £366.7m of this facility now maturing in February 2026 and £33.3m maturing in February 2025. The RCF has the option to extend the maturity by a further year, subject to lender consent, and lenders will be approached regarding this extension in H1 FY22. The RCF also offers an accordion facility of £200.0m, again with lender consent. Covenants are set at a maximum of 3.5x net debt/EBITDA and a minimum of 3.0x EBITDA/net interest in all our lending agreements.

Risk management process

As with any business, we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives. The management of these risks is based on a balance of risk and reward, determined through assessment of the likelihood and impact, as well as the Group's risk appetite. The Executive team performs a formal robust assessment of the principal risks facing the Group bi-annually, which is reviewed by the Board. Similarly, all business units and functions perform formal risk assessments that consider the Group's principal risks and specific local risks relevant to the market in which they operate.

Risks are monitored throughout the year with consideration given to internal and external factors and the Group's risk appetite. We have continued to develop and enhance the effectiveness of our risk management processes throughout the year, focussing on rearticulating and reassessing risk appetite across our principal risks. Updates to risks and mitigation plans are managed agilely, with changes made as required. In response to the ongoing COVID-19 pandemic, the risk team has continued to support each of our markets and functions to identify the actions required to ensure business continuity and the risks impacting our people.

We have re-assessed our principal risks considering the changing context of the pandemic and have identified that the ongoing management of the risks associated with the COVID-19 pandemic are now embedded and consolidated within existing risk management processes across Health & Safety, Business Continuity and Treasury. Also, we have reviewed our customer relationship and pricing risk, taking account of changes in route to market because of the pandemic. Furthermore, the conclusion of UK and EU negotiations on the post Brexit trade arrangements in December 2020 (and now formally concluded in April 2021), which includes agreement of zero quotas and zero tariffs between the UK and EU, has significantly reduced the risk associated with Brexit and we have seen limited impact on our business to date. As a result, the risk in relation to Brexit has now been removed from our principal risks.

In October 2020 we reached agreement with PepsiCo for a new and exclusive 20-year franchise bottling agreement for the production, distribution, marketing, and sales of its carbonated soft drink brands in Great Britain. The new agreement extends the relationship, which commenced in 1987, to 31 December 2040 and includes the Rockstar energy brand. As a result, the risk relating to our partner relationship with PepsiCo has reduced significantly.

Finally, we have reviewed our International Expansion risk and amended this to form a new market risk, creating further alignment with our current strategy. This risk covers the failure to develop and grow our business across our markets, through either failure to execute our plans or external market factors.

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.

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 2021 £m	Year ended 30 September 2020 £m
Revenue	3	1,405.1	1,412.4
Cost of sales		(822.1)	(851.6)
Gross profit		**583.0**	**560.8**
Selling and distribution expenses		(222.1)	(229.0)
Administration expenses		(200.2)	(201.1)
Assets held for sale – impairment charge		-	(0.4)
Operating profit		**160.7**	**130.3**
Finance income		0.9	2.4
Finance costs		(18.7)	(21.5)
Profit before tax		**142.9**	**111.2**
Taxation	4	(39.7)	(16.6)
Profit for the year attributable to the equity shareholders		**103.2**	**94.6**
Earnings per share			
Basic earnings per share	5	38.7p	35.6p
Diluted earnings per share	5	38.6p	35.4p

All activities relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Profit for the year attributable to the equity shareholders	**103.2**	**94.6**
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Remeasurement gains/(losses) on defined benefit pension plans	34.1	(43.3)
Deferred tax on defined benefit pension plans	(12.0)	6.4
Deferred tax on other temporary differences	-	(0.1)
	22.1	**(37.0)**
Items that may be subsequently reclassified to profit or loss		
Gains/(losses) in respect of cash flow hedges	0.1	(4.9)
Amounts reclassified to the income statement in respect of cash flow hedges	6.3	6.6
Current tax in respect of cash flow hedges accounted for in the hedging reserve	0.2	-
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	(1.1)	(0.2)
Exchange differences reclassified to profit or loss on disposal of foreign operations	-	(2.3)
Exchange differences on translation of foreign operations	(9.7)	(38.2)
Tax on exchange differences accounted for in the translation reserve	(0.6)	(0.6)
	(4.8)	**(39.6)**
Other comprehensive income/(expense) for the year, net of tax	**17.3**	**(76.6)**
Total comprehensive income for the year attributable to the equity shareholders	**120.5**	**18.0**

CONSOLIDATED BALANCE SHEET

	Note	30 September 2021 £m	Restated* 30 September 2020 £m
Non-current assets			
Property, plant and equipment		472.4	462.7
Right-of-use assets		71.7	78.1
Intangible assets		418.3	403.5
Other receivables		5.8	6.0
Derivative financial instruments	8	22.2	25.2
Deferred tax assets		4.0	4.8
Pension assets		141.2	101.8
		1,135.6	**1,082.1**
Current assets			
Inventories		135.0	118.5
Trade and other receivables		376.1	335.5
Current income tax receivables		7.2	13.1
Derivative financial instruments	8	4.0	12.1
Cash and cash equivalents		71.1	109.2
Other current assets		-	10.0
		593.4	**598.4**
Assets held for sale		16.8	20.3
		610.2	**618.7**
Total assets		**1,745.8**	**1,700.8**
Current liabilities			
Trade and other payables		(417.8)	(358.8)
Commercial rebate liabilities		(122.3)	(107.3)
Lease liabilities		(8.9)	(9.6)
Interest-bearing loans and borrowings	7	(2.2)	(78.7)
Derivative financial instruments	8	(1.4)	(2.2)
Current income tax payable		(1.4)	(2.4)
Provisions		(5.3)	(13.6)
Other current liabilities		(5.5)	(10.2)
		(564.8)	**(582.8)**

Liabilities held for sale		-	(0.1)
		(564.8)	**(582.9)**
Non-current liabilities			
Interest-bearing loans and borrowings	7	(576.9)	(586.0)
Lease liabilities		(66.2)	(70.2)
Deferred tax liabilities		(100.7)	(68.7)
Pension liabilities		(9.6)	(10.7)
Derivative financial instruments	8	(0.6)	(3.3)
Provisions		(0.5)	(1.1)
Other non-current liabilities		(6.2)	(2.4)
		(760.7)	**(742.4)**
Total liabilities		**(1,325.5)**	**(1,325.3)**
Net assets		**420.3**	**375.5**
Capital and reserves			
Issued share capital		53.5	53.4
Share premium account		156.2	154.1
Own shares reserve		(1.5)	(3.7)
Other reserves		53.7	59.8
Retained earnings		158.4	111.9
Total equity		**420.3**	**375.5**

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 9(b)).

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2021. 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 2021 £m	Year ended 30 September 2020 £m
Cash flows from operating activities			
Profit before tax		142.9	111.2
Net finance costs		17.8	19.1
Other financial instruments		0.6	(0.2)
Net reversal of impairment of property, plant and equipment		–	(0.7)
Impairment of right-of-use assets		–	0.2
Impairment of assets held for sale		–	0.4
Impairment of intangible assets		–	8.1
Depreciation of property, plant and equipment		42.7	43.0
Depreciation of right-of-use assets		10.5	11.0
Loss on disposal of property, plant and equipment and intangible assets		2.8	4.3
Amortisation		14.8	15.9
Share-based payments charge, net of cash settlements		3.8	0.1
Net pension charge less contributions		(5.4)	(6.9)
Net foreign exchange differences		0.7	(2.9)
Non-cash loss on disposal of assets held for sale		–	0.9
(Increase)/decrease in inventories		(15.4)	11.9
(Increase)/decrease in trade and other receivables		(44.2)	22.4
Decrease/(increase) in other current assets		10.0	(10.0)
Increase/(decrease) in trade, other payables and commercial rebate liabilities		74.2	(45.3)
(Decrease)/increase in provisions		(8.5)	8.0
Other adjustments for which cash effects are investing cash flows		0.4	–
Income tax paid		(15.4)	(21.7)
Net cash flows from operating activities		**232.3**	**168.8**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.1	–
Purchases of property, plant and equipment		(56.4)	(43.7)
Purchases of intangible assets		(17.3)	(6.3)
Interest received		0.6	0.7
Divestment of subsidiary		–	13.2
Acquisition of subsidiaries, net of cash acquired		(31.2)	(2.2)
Net cash flows used in investing activities		**(104.2)**	**(38.3)**

Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(15.4)	(16.5)
Net movement on revolving credit facility	7	–	(64.9)
Other loans repaid	7	(0.1)	(0.1)
Payment of principal portion of lease liabilities		(8.7)	(10.2)
Payment of interest element of lease liabilities		(1.9)	(2.1)
Repayment private placement notes, net of derivative financial instruments	7	(65.4)	(68.4)
Drawdown of private placement notes	7	–	152.2
Other derivative cash receipts/(payments)		1.3	(2.5)
Issue costs paid	7	(0.3)	(2.6)
Issue of shares relating to incentive schemes for employees		2.2	6.7
Purchase of own shares		–	(2.8)
Dividends paid to equity shareholders		(74.8)	(57.6)
Net cash flows used in financing activities		**(163.1)**	**(68.8)**
Net (decrease)/increase in cash and cash equivalents		(35.0)	61.7
Cash and cash equivalents at the beginning of the year		109.2	49.0
Net foreign exchange differences on cash and cash equivalents		(3.1)	(1.5)
Cash and cash equivalents at the end of the year		**71.1**	**109.2**

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	Merger reserve £m	Retained earnings £m	Total £m
At 29 September 2019	**53.1**	**145.5**	**(10.3)**	**(1.2)**	**13.3**	**87.3**	**127.7**	**415.4**
Profit for the year	–	–	–	–	–	–	94.6	94.6
Other comprehensive income/(expense)	–	–	–	1.5	(41.1)	–	(37.0)	(76.6)
Total comprehensive income/(expense)	**–**	**–**	**–**	**1.5**	**(41.1)**	**–**	**57.6**	**18.0**
Issue of shares	0.3	8.6	(3.7)	–	–	–	–	5.2
Own shares purchased for share schemes	–	–	(2.8)	–	–	–	–	(2.8)
Own shares utilised for share schemes	–	–	13.1	–	–	–	(17.1)	(4.0)
Movement in share-based schemes	–	–	–	–	–	–	1.3	1.3
Current tax on share options exercised	–	–	–	–	–	–	1.4	1.4
Deferred tax on share options granted to employees	–	–	–	–	–	–	(1.4)	(1.4)
Payment of dividend	–	–	–	–	–	–	(57.6)	(57.6)
At 30 September 2020	**53.4**	**154.1**	**(3.7)**	**0.3**	**(27.8)**	**87.3**	**111.9**	**375.5**
Profit for the year	–	–	–	–	–	–	103.2	103.2
Other comprehensive income/(expense)	–	–	–	5.5	(10.3)	–	22.1	17.3
Total comprehensive income/(expense)	**–**	**–**	**–**	**5.5**	**(10.3)**	**–**	**125.3**	**120.5**
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	**53.5**	**156.2**	**(1.5)**	**4.5**	**(38.1)**	**87.3**	**158.4**	**420.3**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information
The preliminary consolidated financial information was authorised for issue by the Board of Directors on 23 November 2021.

The preliminary consolidated financial information for the year ended 30 September 2021 has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 2021 was approved by the board on 23 November 2021. 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 2021 will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts for the year ended 30 September 2020 was approved by the board on 26 November 2020 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 2021 has been prepared in accordance with the accounting policies described in the company's Annual Report and Accounts for the year ended 30 September 2020, except for the changes arising on the adoption of new accounting standards and amendments explained further below.

Going concern
As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the consolidated financial statements, a range of scenarios including a view of severe but plausible levels of additional COVID-19 restrictions across our markets have been reviewed. The assumptions modelled are based on the estimated potential impact of further COVID-19 restrictions to March 2023, along with an assessment of the impact of key risks defined in the viability statement, that could reasonably arise in the period, and our proposed responses.

Previous sensitivity analysis that quantified the expected impact on our business of a full lockdown in all our markets proved to be reasonable during the period of the most widespread restrictions in 2020. In assessing the impact of any future restrictions, we now have a greater level of clarity on the trends we would expect to see in each of our markets and the mitigating actions we can take.

Considering all learnings to date we have continued to analyse a range of possible scenarios to model different levels of impact on revenue, profit and cash, and the offsetting effect of the controllable mitigating actions over the course of the next 16 months.

In particular, we have tested the possibility of the debt covenants being breached at the six monthly measurement dates, which are aligned to our reporting dates, to March 2023. March 2023 is the most sensitive test point as the EBITDA modelling assumes a full 12 months of reduced trading due to the impact of restrictions and a working capital peak ahead of summer trading. Under all the scenarios modelled, and before any mitigating actions, our forecasts indicate a high level of covenant headroom.

The estimated impacts of COVID-19 restrictions are primarily based on the length of time various levels of restrictions are in place, and the severity of the consequent impact of those restrictions on our At-Home and Out-of-Home channels in each market. The assumptions used reflect the trends we have seen in 2020 and 2021. The scenarios are most sensitive to the assumptions made for GB and Ireland, where we have more significant exposure to Out-of-Home channels. France and Brazil are predominantly At-Home markets and therefore drive less sensitivity.

The most severe scenario includes an assumption that a level of restrictions will remain in place until October 2022 with Out-of-Home outlets only gradually returning towards pre-COVID levels at the beginning of FY23.

Under each scenario, mitigating actions are all within management control and can be initiated as they relate to discretionary spend, and do not impact the ability to meet demand. These actions include the rephasing of A&P and non-essential capex.

As part of the going concern assessment COVID-19 scenarios have been combined with the potential impact of key risks that could reasonably arise in the period, to assess the extent to which further mitigating actions would be required and confirm that they remain within management control.

As at 30 September 2021, the consolidated balance sheet reflects a net asset position of £420.3m. During the year, the Group successfully secured a one-year extension of its £400.0m revolving credit facility (RCF) with 6 of the 7 participating banks. As a result of this, £366.7m of this facility now matures in February 2026, with £33.3m maturing in February 2025. In addition, we have issued private placement notes totalling approximately £559.7m, with maturities out to 2035. Undrawn facilities as at 30 September were £400.0m and the RCF also offers an accordion facility of £200.0m, with lender consent. In all scenarios modelled, our liquidity requirements are well within the £400.0m RCF.

Debt covenant limits are set at a ratio of 3.5x (rolling 12 month EBITDA/adjusted net debt) and 3.0x (rolling 12 month EBITDA/net interest expense) in all of our lending agreements. At 30 September 2021, the net debt position was £488.5m, our covenant net debt/EBITDA ratio was 2.1x and our covenant EBITDA/net interest ratio was 15.3x.

On the basis of these reviews, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the consolidated financial statements.

Impact of COVID-19 on financial statements at 30 September 2021
Management has considered the impact on accounting policies, judgements and estimates in light of the impact of COVID-19 restrictions. In particular, we have considered expected credit loss for the Group's trade debtors where customers have been assessed for potential risk, and a provision made for potential future debt which is not considered material to the Group's receivables. The net realisable value of inventory for the Out-of-Home channel has also been assessed and a provision made which is not considered material to the inventory balance at 30 September 2021.

Impairment reviews of goodwill and intangible assets have been performed for each cash-generating unit (CGU) using cash flow projections and sensitised for reasonably possible changes in assumptions.

New standards, amendments and interpretations adopted in the current year
With effect from 1 October 2020, 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.

- Amendment to IFRS 16 'Leases': COVID-19 Related Rent Concessions
- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

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

IFRS 9 hedge accounting
The Group previously adopted IFRS 9 'Financial Instruments' during the year ended 29 September 2019. On initial application, the Group elected to continue applying the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. With effect from 1 October 2020, the Group has adopted the hedge accounting requirements of IFRS 9 and applied them prospectively.

All of the Group's existing hedging relationships under IAS 39 were eligible to be treated as continuing hedging relationships under IFRS 9 and there was no impact of this change in policy on the Group's balance sheet at 1 October 2020.

When measuring hedge ineffectiveness in cash flow and net investment hedges, the Group uses a hypothetical derivative with terms that match the critical terms of the hedged item to calculate the change in value of the hedged item. IFRS 9 has clarified that currency basis is present in the valuation of certain derivatives (for example, cross-currency interest rate swaps) but is not present in the hedged item and therefore should not be included in the valuation of the hypothetical derivative. The Group did not previously exclude currency basis from the valuation of hypothetical derivatives when measuring ineffectiveness under IAS 39. Under IFRS 9, the exclusion of currency basis from the hypothetical derivative may result in more ineffectiveness in the hedge relationship and future volatility in the income statement. When entering into future derivatives, the Group may elect to exclude currency basis from hedge relationships and account for this as cost of hedging.

IFRS 9 has also widened the range of eligible hedged items for hedge accounting. IAS 39 precluded the designation of any risk components in non-financial items, other than foreign currency risk. Since 1 October 2020, the Group has entered into aluminium swaps and designated them as a hedge of the aluminium component of the purchase of cans.

3. 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 2021	GB £m	Brazil £m	Other International: Ireland £m	France £m	International £m	Subtotal £m	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*							(8.3)
Fixed supply chain**							(122.1)
Selling costs**							(75.1)
Overheads and other costs*							(126.5)
Adjusted operating profit* **							**176.5**
Net finance costs pre-adjusting items							(17.7)
Adjusting items***							(15.9)
Profit before tax							**142.9**

Year ended 30 September 2020	GB £m	Brazil £m	Other International: Ireland £m	France £m	International £m	Subtotal £m	Total £m
Revenue from external customers	**884.9**	**113.1**	**146.6**	**228.3**	**39.5**	**414.4**	**1,412.4**
Brand contribution	**351.0**	**24.6**	**46.4**	**76.5**	**6.7**	**129.6**	**505.2**
Non-brand advertising & promotion*							(10.2)
Fixed supply chain**							(131.8)
Selling costs**							(77.4)
Overheads and other costs*							(120.0)
Adjusted operating profit* **							**165.8**
Net finance costs pre-adjusting items							(18.9)
Adjusting items***							(35.7)
Profit before tax							**111.2**

* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation.

** Included within 'selling and distribution costs' in the consolidated income statement.

*** See Non-GAAP reconciliations for further details on adjusting items.

4. Taxation

	2021 £m	2020 £m
Income statement		
Current income tax		
Current income tax charge	(22.6)	(17.7)
Amounts over provided in previous years	2.3	2.2
Total current income tax charge	**(20.3)**	**(15.5)**
Deferred income tax		
Origination and reversal of temporary differences	(7.6)	(2.6)
Impact of change in tax rates	(11.2)	-
Amounts (under)/over provided in previous years	(0.6)	1.5
Total deferred tax charge	**(19.4)**	**(1.1)**
Total tax charge in the income statement	**(39.7)**	**(16.6)**

5. Earnings per share

Basic earnings per share (EPS) 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:

	2021	2020
Basic earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Weighted average number of ordinary shares in issue for basic earnings per share	266.8	265.9
Basic earnings per share (pence)	**38.7p**	**35.6p**
Diluted earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Effect of dilutive potential ordinary shares – share schemes	0.6	1.3
Weighted average number of ordinary shares in issue for diluted earnings per share	267.4	267.2
Diluted earnings per share (pence)	**38.6p**	**35.4p**

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 antidilutive for the year presented.

6. Dividends paid and proposed

	2021 £m	2020 £m
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2020: 21.6p per share (2019: 21.7p per share)	57.5	57.6
Interim dividend for 2021: 6.5p per share (2020: nil per share)	17.3	-
Dividends paid	**74.8**	**57.6**
Proposed		
Final dividend for 2021: 17.7p per share (2020: 21.6p per share)	**47.3**	**57.7**

7. Interest-bearing loans and borrowings

	2021 £m	2020 £m
Current		
Bank loans	–	(0.1)
Private placement notes	(2.8)	(79.2)
Less: unamortised issue costs	0.6	0.6
Total current	**(2.2)**	**(78.7)**
Non-current		
Private placement notes	(579.2)	(588.6)
Less: unamortised issue costs	2.3	2.6
Total non-current	**(576.9)**	**(586.0)**
Total interest-bearing loans and borrowings	**(579.1)**	**(664.7)**

Total interest-bearing loans and borrowings comprise the following:

	2021 £m	2020 £m
2010 notes	(33.5)	(90.5)
2014 notes	(99.6)	(123.3)
2017 notes	(175.0)	(175.0)
2018 notes	(119.4)	(121.3)
2020 notes	(151.7)	(154.3)
Accrued interest	(2.8)	(3.4)
Bank loans	–	(0.1)
Unamortised issue costs	2.9	3.2
Total interest-bearing loans and borrowings	**(579.1)**	**(664.7)**

Analysis of changes in interest-bearing loans and borrowings:

	2021 £m	2020 £m
At the beginning of the year	**(664.7)**	**(683.5)**
Net movement on revolving credit facility	–	64.9
Other loans repaid	0.1	0.1
Repayment of private placement notes*	74.1	90.3
Drawdown of private placement notes	–	(152.2)
Issue costs	0.3	2.6
Reclass of finance leases on adoption of IFRS 16	–	1.0
Amortisation of issue costs and write-off of financing fees	(0.6)	(1.1)
Net translation gain and fair value adjustment	11.1	13.9
Accrued interest	0.6	(0.7)
At the end of the year	**(579.1)**	**(664.7)**
Derivatives hedging balance sheet debt**	19.5	35.1
Debt translated at contracted rate	**(559.6)**	**(629.6)**

* During the year ended 30 September 2021, the Group repaid £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 £45.4m and £20.0m for the 2010 notes and 2014 notes, respectively. During the year ended 30 September 2020, the 2009 notes were repaid and the associated derivatives and firm commitment liability were settled, resulting in a net cash outflow of £68.4m. This comprised a payment of £92.7m in respect of the outstanding loans and borrowings of £90.3m and firm commitment of £2.4m and net cash proceeds received of £24.3m on maturity of the related cross currency interest rate swaps.

** Represents the element of the fair value of cross currency 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.

8. Derivatives and hedge relationships

The Group's outstanding derivatives were presented as follows in the consolidated balance sheet:

	2021 £m	2020 £m
Non-current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps*	17.7	22.3
Fair value of the USD GBP cross currency floating interest rate swaps***	1.9	2.9
Fair value of forward currency contracts	0.1	–
Fair value of commodity contracts*	2.4	–
Fair value of GBP interest rate swaps*	0.1	–
	22.2	**25.2**
Current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps*	0.6	5.1
Fair value of the USD GBP cross currency floating interest rate swaps***	0.3	5.2
Fair value of forward currency contracts*	0.4	1.6
Fair value of forward currency contracts	–	0.2
Fair value of commodity contracts*	2.7	–
	4.0	**12.1**
Current liabilities: derivative financial instruments		
Fair value of forward currency contracts*	(1.1)	(0.2)
Fair value of forward currency contracts	(0.2)	(0.6)
Fair value of the GBP euro cross currency floating interest rate swaps**	–	(1.4)
Fair value of commodity contracts*	(0.1)	–
	(1.4)	**(2.2)**
Non-current liabilities: derivative financial instruments		
Fair value of the GBP euro cross currency fixed interest rate swaps**	(0.6)	(1.7)
Fair value of forward currency contracts*	–	(0.1)
Fair value of euro interest rate swaps*	–	(0.1)
Fair value of GBP interest rate swaps*	–	(1.4)
	(0.6)	**(3.3)**

* 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

9. Acquisitions

a) Acquisition of Plenish

On 1 May 2021, the Group acquired 100% of the issued share capital of Plenish Cleanse Limited (Plenish). Plenish offers a range of organic, clean-label, plant-based beverages across plant-based milks, cold-pressed juices and functional shots. Founded in 2012 as a direct-to-consumer brand, it has since expanded into retail distribution. Using best-in-class ingredients sourced from sustainable, organic farms and no additives, the Plenish brand gives Britvic access to a fast-growing category and is directly aligned to the Group strategic priorities of 'Accessing New Spaces' and 'Healthier People, Healthier Planet'.

Plenish contributed £2.7m of revenue and a loss of £1.3m to the Group's profit after tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of Plenish had been completed on the first day of the financial year, Group revenues for the year would have been £1,409.1m and Group profit after tax would have been £101.3m.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Plenish at the date of acquisition were as follows:

	1 May 2021
Assets	
Intangible assets: trademark	15.7
Deferred tax asset	1.7
Inventories	0.3
Trade and other receivables	1.6
Current income tax receivables	0.2
Total assets	**19.5**
Liabilities	
Trade and other payables	(2.8)
Deferred tax liabilities	(3.7)
Total liabilities	**(6.5)**
Total identifiable net assets at fair value	**13.0**
Goodwill arising on acquisition	10.6
Purchase consideration	**23.6**

The goodwill arising on acquisition of £10.6m was allocated entirely to the GB operating segment given the current business operations are GB focused.

The key constituent parts of goodwill comprise mainly future customer relationships and the replacement cost of Plenish's workforce. Plenish's workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

The trademark for the Plenish brand, recognised within intangible assets, has been allocated a useful economic life of 10 years.

Purchase consideration
The fair value of the purchase consideration at the acquisition date comprised the following:

	1 May 2021 £m
Cash	23.6
Deferred consideration liability	0.4
Purchase price adjustment receivable	(0.4)
Total consideration	**23.6**

Analysis of cash flows on acquisition

	1 May 2021 £m
Transaction costs of the acquisition	0.4
Cash paid to acquire subsidiary	23.6
Net cash outflow on acquisition (included in cash flows from investing activities)	**24.0**

b) Acquisition of Aqua Libra Co
On 6 June 2020, the Group acquired 100% of the issued share capital of The Boiling Tap Company Limited (subsequently renamed Britvic Aqua Libra Co Limited, 'Aqua Libra Co'), an Integrated Tap System (ITS) business that supplies high-quality taps primarily to commercial customers across GB, offering hot, cold and sparkling water. The acquisition provides Britvic access to the rapidly growing ITS filtered water dispense market, transforms Britvic's capabilities in ITS and enables Britvic to rapidly accelerate the development and roll out of flavoured tap station solutions. The acquisition is a key contributor towards Britvic's strategic objectives to 'breakthrough solutions beyond the bottle' and 'flavour billions of water occasions'.

Finalisation of acquisition accounting
The initial accounting for the acquisition was provisional at 30 September 2020 due to the significant uncertainties posed by COVID-19 on the valuation of intangible assets and contingent consideration. During the year following acquisition, the Group has identified that COVID-19 has had a much more significant impact on Aqua Libra Co than was previously anticipated at the acquisition date. In particular, COVID-19 resulted in temporary closures and restrictions on the offices and workplaces that form a key part of Aqua Libra Co's customer base. Since restrictions have been lifted, the business has shown continuous growth and management remain confident about its long-term prospects. COVID-19 has however had an adverse impact

on the cash flows expected to be generated in the short-term following acquisition and as a result the performance conditions for the contingent consideration are not expected to be met (see below).

In accordance with the measurement period requirements of IFRS 3, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect more information about the impact of COVID-19 on the business. This has resulted in a decrease in the fair values of intangible assets acquired, a decrease in the deferred tax liability associated with the intangible assets and a decrease in the fair value of contingent consideration payable.

The fair values of the identifiable assets and liabilities of Aqua Libra Co at the acquisition date of 6 June 2020, as provisionally stated and as finalised, were as follows:

	6 June 2020		
	Provisional £m	**Adjustment £m**	**Final £m**
Assets			
Intangible assets: technology	3.8	(1.2)	2.6
Intangible assets: customer relationships	4.8	(2.8)	2.0
Property, plant and equipment	0.1	–	0.1
Right-of-use assets	0.4	–	0.4
Inventories	0.6	–	0.6
Trade and other receivables	0.6	–	0.6
Cash and cash equivalents	0.4	–	0.4
Total assets	**10.7**	**(4.0)**	**6.7**
Liabilities			
Trade and other payables	(0.6)	–	(0.6)
Lease liabilities	(0.1)	–	(0.1)
Current income tax payable	(0.2)	–	(0.2)
Other liabilities	(0.2)	–	(0.2)
Deferred tax liability	(1.6)	0.7	(0.9)
Non-current lease liabilities	(0.2)	–	(0.2)
Total liabilities	**(2.9)**	**0.7**	**(2.2)**
Total identifiable net assets at fair value	**7.8**	**(3.3)**	**4.5**
Goodwill arising on acquisition	6.6	(1.9)	4.7
Purchase consideration	**14.4**	**(5.2)**	**9.2**

The goodwill arising on acquisition of £4.7m was allocated entirely to the GB operating segment given the current business operations are GB focused.

The key constituent parts of goodwill comprise mainly future customer relationships and technological developments through which Aqua Libra Co will generate revenue and the replacement cost of Aqua Libra Co's workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

Intangible assets identified separately from goodwill were technology of £2.6m and customer relationships of £2.0m, which were allocated a useful economic life of 14 years.

Purchase consideration

The fair value of the purchase consideration at the acquisition date of 6 June 2020, as provisionally stated and as finalised, comprised the following:

	6 June 2020		
	Provisional £m	**Adjustment £m**	**Final £m**
Cash	2.3	–	2.3
Deferred consideration liability	6.9	–	6.9
Contingent consideration liability	5.2	(5.2)	–
Total consideration	**14.4**	**(5.2)**	**9.2**

Deferred and contingent consideration

Deferred consideration of £7.2m was paid to the previous owners in May 2021. As at the acquisition date, the fair value of the deferred consideration was estimated to be £6.9m.

As part of the purchase agreement there is an element of contingent consideration which comprises additional cash payments to the previous owners of Aqua Libra Co of the following amounts if operating profit targets are achieved during an earn-out period commencing in May 2021:

- £3.0m in the first year; and
- a further £3.0m in the second year.

As at the acquisition date, the fair value of the contingent consideration, as restated, was estimated to be £nil. The acquisition date fair value reflects management's judgement that the likelihood of achieving the performance targets for the contingent consideration is remote due to the impact of COVID-19. Deferred and contingent consideration are recorded within other liabilities in the consolidated balance sheet.

	6 June 2020 £m
Analysis of cash flows on acquisition	
Transaction costs of the acquisition	0.1
Net cash acquired with the subsidiary	(0.2)
Cash paid to acquire subsidiary	2.3
Net cash outflow on acquisition (included in cash flows from investing activities)	**2.2**

Restatement to balance sheet at 30 September 2020

As set out above, in accordance with the measurement period requirements of IFRS 3, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect more information about the impact of COVID-19 on the business. This has resulted in a decrease in the fair values of intangible assets acquired, a decrease in the deferred tax liability associated with the intangible assets and a decrease in the fair value of contingent consideration payable. The comparative balance sheet at 30 September 2020 has been revised as if the adjustments had been made at the acquisition date. The effect of this restatement is set out below.

The finalisation of the acquisition accounting has had no impact on the income statement for the year ended 30 September 2020.

	As reported 30 September 2020 £m	Adjustment to acquisition values £m	Restated 30 September 2020 £m
Non-current assets			
Property, plant and equipment	462.7	–	462.7
Right-of-use assets	78.1	–	78.1
Intangible assets	409.4	(5.9)	403.5
Other receivables	6.0	–	6.0
Derivative financial instruments	25.2	–	25.2
Deferred tax assets	4.8	–	4.8
Pension assets	101.8	–	101.8
	1,088.0	**(5.9)**	**1,082.1**
Current assets			
Inventories	118.5	–	118.5
Trade and other receivables	335.5	–	335.5
Current income tax receivables	13.1	–	13.1
Derivative financial instruments	12.1	–	12.1
Cash and cash equivalents	109.2	–	109.2
Other current assets	10.0	–	10.0
	598.4	**–**	**598.4**
Assets held for sale	20.3	–	20.3
	618.7	**–**	**618.7**
Total assets	**1,706.7**	**(5.9)**	**1,700.8**

Current Liabilities			
Trade and other payables	(358.8)	–	(358.8)
Contract liabilities	(107.3)	–	(107.3)
Lease liabilities	(9.6)	–	(9.6)
Interest bearing loans and borrowings	(78.7)	–	(78.7)
Derivative financial instruments	(2.2)	–	(2.2)
Current income tax payable	(2.4)	–	(2.4)
Provisions	(13.6)	–	(13.6)
Other current liabilities	(10.2)	–	(10.2)
	(582.8)	**–**	**(582.8)**
Liabilities held for sale	(0.1)		(0.1)
	(582.9)	**–**	**(582.9)**
Non-current liabilities			
Interest bearing loans and borrowings	(586.0)	–	(586.0)
Lease liabilities	(70.2)	–	(70.2)
Deferred tax liabilities	(69.4)	0.7	(68.7)
Pension liabilities	(10.7)	–	(10.7)
Derivative financial instruments	(3.3)	–	(3.3)
Provisions	(1.1)	–	(1.1)
Other non-current liabilities	(7.6)	5.2	(2.4)
	(748.3)	**5.9**	**(742.4)**
Total liabilities	**(1,331.2)**	**5.9**	**(1,325.3)**
Net assets	**375.5**	**–**	**375.5**
Capital and reserves			
Issued share capital	53.4	–	53.4
Share premium account	154.1	–	154.1
Own shares reserve	(3.7)	–	(3.7)
Other reserves	59.8	–	59.8
Retained earnings	111.9	–	111.9
Total equity	**375.5**	**–**	**375.5**

NON-GAAP RECONCILIATIONS

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.

In the year ended 30 September 2021, adjusting items mainly comprises charges relating to the closure of the Counterpoint business, the acquisition of Plenish and the closure of the Norwich site. In addition, acquisition related costs such as amortisation of acquired intangibles are also considered 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 2021 £m	Year ended 30 September 2020 £m
Strategic restructuring – business capability programme	(a)	(1.0)	(1.6)
Strategic restructuring – organisational capability transformation	(b)	(5.7)	(11.3)
Credits in relation to the acquisition and integration of subsidiaries	(c)	0.7	1.3
Strategic M&A activity	(d)	(0.9)	(6.3)
Impairment of assets held for sale	(e)	–	(0.4)
Pension scheme costs	(f)	(0.7)	–
Impairment of Counterpoint assets	(g)	–	(8.4)
Acquisition related amortisation	(h)	(8.2)	(8.8)
Total included in operating profit		**(15.8)**	**(35.5)**
Unwind of discount on deferred consideration	(i)	(0.1)	(0.2)
Total included in finance costs		**(0.1)**	**(0.2)**
Total adjusting items pre-tax		**(15.9)**	**(35.7)**
Tax on adjusting items – merger of Brazil entities	(j)	–	1.6
Tax on adjusting items included in profit before tax		1.0	13.9
Total included in taxation		**1.0**	**15.5**
Net adjusting items		**(14.9)**	**(20.2)**

a) '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 £1.0m relate to the closure of the Norwich site and are primarily site services, advisory and exit costs. Costs in the year ended 30 September 2020 were of a similar nature and also included a £1.0m reversal of previous impairment on the Norwich land and buildings.
b) 'Strategic restructuring – organisational capability transformation' charges in the current year mainly relate to contract termination costs in relation to the closure of the Counterpoint business. Costs in the prior year primarily related to contract termination costs, consultation fees and employee termination benefits following the implementation of a group wide strategic restructure announced during that year.
c) 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).
d) Strategic M&A activity costs in the current year relate to professional fees, stamp duty and long-term incentive schemes in relation to the acquisition of Plenish Cleanse Limited (note 9). In the prior year to 30 September 2020, the costs primarily related to charges incurred as part of the disposal of our French private label juice business and the acquisition of Britvic Aqua Libra Co Limited (formerly The Boiling Tap Company) (refer to note 9).
e) During the year ended 30 September 2020, an impairment charge of £0.4m was recognised when the Norwich site and certain assets of the Counterpoint business were classified as held for sale.
f) 'Pension scheme costs' of £0.7m relate to the recognition of past service costs resulting from the equalisation of Guaranteed Minimum Pensions (GMP) for the GB defined benefit pension scheme.
g) During year ended 30 September 2020, intangible assets, goodwill and property, plant and equipment relating to the Counterpoint business were impaired.
h) 'Acquisition related amortisation' relates to the amortisation of intangibles recognised on acquisitions in GB, Ireland, France and Brazil.
i) The unwind of discount on consideration payable for acquisitions relates to the change in fair value of the deferred consideration payable for Britvic Aqua Libra Co. Limited (formerly The Boiling Tap Company Limited).
j) During the year ended 30 September 2020, there was an intra-group merger between certain of the Group's Brazilian subsidiaries. This led to recognition of a deferred tax asset on intangibles.

Adjusted profit

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Operating profit as reported	160.7	130.3
Add back adjusting items in operating profit	15.8	35.5
Adjusted EBIT	**176.5**	**165.8**
Net finance costs	(17.8)	(19.1)
Add back adjusting net finance costs	0.1	0.2
Adjusted profit before tax and acquisition related amortisation	**158.8**	**146.9**
Acquisition related amortisation	(8.2)	(8.8)
Adjusted profit before tax	**150.6**	**138.1**
Taxation	(39.7)	(16.6)
Less adjusting tax credit	(1.0)	(15.5)
Adjusted tax	**(40.7)**	**(32.1)**
Adjusted profit after tax	**109.9**	**106.0**
Adjusted effective tax rate	**27.0%**	**23.2%**

Adjusted earnings per share

	2021	2020
Adjusted earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Add: net impact of adjusting items (£m)	14.9	20.2
Adjusted earnings (£m)	**118.1**	**114.8**
Weighted average number of ordinary shares in issue for basic earnings per share	266.8	265.9
Adjusted earnings per share (pence)	**44.3p**	**43.2p**
Adjusted diluted earnings per share		
Adjusted earnings (£m)	118.1	114.8
Weighted average number of ordinary shares in issue for diluted earnings per share	267.4	267.2
Adjusted diluted earnings per share (pence)	**44.2p**	**43.0p**

Free cash flow

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Net cash flows from operating activities	**232.3**	**168.8**
Purchases of property, plant and equipment	(56.4)	(43.7)
Purchases of intangible assets	(17.3)	(6.3)
Proceeds from sale of property, plant and equipment	0.1	–
Interest paid, net of derivative financial instruments	(15.4)	(16.5)
Repayment of principal portion of lease liabilities	(8.7)	(10.2)
Repayment of interest element of lease liabilities	(1.9)	(2.1)
Free cash flow	**132.7**	**90.0**

Adjusted net debt/EBITDA and EBITDA/net interest ratios

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Operating profit as reported	160.7	130.3
Add back adjusting items in operating profit	15.8	35.5
Adjusted EBIT	**176.5**	**165.8**
Depreciation of property, plant and equipment	42.7	43.0
Depreciation of right-of-use assets	10.5	11.0
Amortisation (excluding acquisition related amortisation)	6.6	7.1
Loss on disposal of property, plant and equipment and intangible assets	2.8	4.3
Adjusted EBITDA pre-IFRS 16 rental charges	**239.1**	**231.2**
Less payment of lease liabilities as estimate for pre-IFRS16 rental charges	(10.6)	(12.3)
Adjusted EBITDA	**228.5**	**218.9**
Adjusted net debt	488.5	520.4
Adjusted EBITDA	228.5	218.9
Net debt/EBITDA ratio	**2.1x**	**2.4x**

Net interest as reported	(17.8)	(19.1)
Add back hedge ineffectiveness	1.0	(0.8)
Add back IFRS 16 interest on lease liabilities	1.9	2.1
Adjusted net interest	**(14.9)**	**(17.8)**
EBITDA/net interest ratio	**15.3x**	**12.3x**

* 2020 has been restated to show the EBITDA/net interest ratio on an adjusted net interest basis to provide a like for like comparison to the 2021 EBITDA/net interest ratio. Previously, the 2020 ratio was calculated using net interest as reporting in the consolidated income statement.

Adjusted net debt

	30 September 2021 £m	30 September 2020 £m
Cash and cash equivalents	(71.1)	(109.2)
Derivatives hedging balance sheet debt	(19.5)	(35.1)
Interest-bearing loans and borrowings	579.1	664.7
Adjusted net debt	**488.5**	**520.4**