

RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2022

27 October 2022 | London, Dublin: C&C Group plc ('C&C' or the 'Group'), a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits and soft drinks across the UK and Ireland announces unaudited results for the six months ended 31 August 2022 ('H1 FY2023').

H1 FY2023 FINANCIAL OVERVIEW

	H1 FY2023	H1 FY2022	Change
€'m except per share items	€'m	€'m	%
Net revenue ⁽ⁱ⁾	903.0	666.1	35.6%
Adjusted EBITDA ⁽ⁱ⁾⁽ⁱⁱ⁾	70.9	30.5	132.5%
Operating profit ⁽ⁱ⁾⁽ⁱⁱⁱ⁾	54.9	15.5	254.2%
Operating margin ⁽ⁱⁱⁱ⁾	6.1%	2.3%	3.8%pts
Basic EPS ^(iv)	9.6c	2.5c	284.0%
Adjusted diluted EPS ^(iv)	9.5c	1.6c	493.8%
Exceptional (charge)/credit (pre-tax)	(0.3)	3.4	(108.8%)
Dividend per share (cent)	-	-	
Free cash flow ^{(iii)(v)}	55.3	26.2	110.7%
Free cash flow ^{(iii)(v)} (% conversion)	78.0%	85.1%	(7.1%)pts
Net Debt ^(vi)	179.7	245.8	(26.7%)
Net Debt ^(vi) (excluding lease liabilities)	104.5	175.2	(40.4%)

FINANCIAL HIGHLIGHTS

- Net revenue increased 35.6%⁽ⁱ⁾ year-on-year to €903.0m, driven by volume growth of +11% and price/mix growth of +25%.
- Operating profit of €54.9m⁽ⁱⁱⁱ⁾ (€15.5m⁽ⁱ⁾ H1 FY2022) delivered an operating margin of 6.1% (H1 FY2022: 2.3%).
- C&C's inherent cash generating capability has resulted in a free cash inflow^(v) of €55.3m pre-exceptional and a related free cash flow conversion of 78.0%. This performance includes a non-recurring repayment of €16.1m for tax deferrals.
- Net debt to adjusted EBITDA (12 month trailing) of 1.5x, a significant improvement from 3.4x reported in February 2022.
- Reduction in leverage multiple reflects the sale of the Group's interest in Admiral Taverns, combined with solid underlying performance of the business and strong cash flow generation. The Group has now exited covenant waivers.
- Significant adjusted diluted EPS growth to 9.5c in H1 FY2023 compared with 1.6c in H1 FY2022. Basic EPS was 9.6c.
- The Board intends to recommence a full and final year dividend following the release of the full year FY2023 results.

STRATEGIC & OPERATING HIGHLIGHTS

- Distribution operating margin of 4.2% for H1 FY2023, in line with the target outlined at our Capital Markets Day in May.
- Marketing investment increased as planned to 11.1% of branded net revenue from 7.5%⁽ⁱ⁾ in H1 FY2022 and 5.2%⁽ⁱ⁾ in H1 FY2020.
- Bulmers has grown Moving Annual Total ('MAT') volume and value share^{(ix),(x)}.
- Our premium beer portfolio reporting volume growth and volume share growth^{(vii),(viii),(ix),(x)}.
- The Group has grown its revenue share of the customer with revenue per outlet in double digit growth compared to H1 FY2022 and the same period pre COVID-19.
- Group branded operating margins are broadly in line year-on-year, with volume, price/mix growth and price actions being offset by increased marketing investment, inflationary impact on cost base and manufacturing input costs.
- Customer service levels have continued to improve with H1 FY2023 average On Time In Full ('OTIF') for Matthew Clark and Bibendum of 87% compared to 76% for H1 FY2022.

ESG & SUSTAINABILITY HIGHLIGHTS

- Progress with the Group's ESG and sustainability initiatives, including:
 - Launch of a community partnership with the Big Issue Group, a three-year partnership, focused on mentoring, skills and access to employment opportunities to support people living in poverty.
 - Continued focus on reducing carbon, the Group is on track to deliver Scope 1 and 2 emissions targets in FY2023.
 - Progress being made on heat recovery systems at both manufacturing sites, saving energy, in addition to reducing carbon.
 - In Clonmel work commenced on a heat pump, which will be operational in FY2024 and reduce the site's gas consumption by 40% and CO2 emissions by 1,800 tonnes per annum.

CURRENT TRADING & OUTLOOK

- Macro-economic and consumer environment remains difficult with net revenues for September 2022 -5% compared to the same period in 2021.
- The Board intends to recommence a full and final year dividend following the release of the full year FY2023 results.
- Our near-term trading focus is on ensuring the highest standards of service and stock availability to our customers and consumers as we prepare for the first unrestricted Christmas trading period for three years and the upcoming FIFA World Cup.

David Forde, C&C Group Chief Executive Officer:

"We are pleased with the Group's resilient and progressed H1 performance, where – despite the challenging economic backdrop – we have delivered significant revenue and operating profit growth. Encouragingly, our profit growth has been coupled with margin expansion as the business returns to a more normalised product/price and channel mix. We are delivering on a number of key priorities outlined at our recent Capital Markets Day; achieving our guided medium-term targets for distribution margins and target leverage. Further, we increased brand investment, grew our share of premium beer, increased revenue per customer, grew our agency brands and also implemented a number of our sustainability initiatives.

FY2023 H2 will provide our first unrestricted Christmas trading period for three years, in addition to the upcoming FIFA World Cup, therefore our focus is on ensuring the highest standards of service and stock availability over this period and beyond. However, despite these positive tailwinds, the outlook for H2 is challenging with inflationary pressures on our own margins as well as those of our customers, and the cost of living pressures on the consumer environment in the near-term.

The Group's priority continues to be on executing our strategy; enhancing efficiencies to insulate the business from inflationary pressures where possible whilst progressing our sustainability ambitions. This coupled with the strength of the C&C model and its combination of brand power and unique last mile distribution, alongside its robust balance sheet, puts the Group in a position of relative competitive strength."

ENDS

OPERATING REVIEW

Great Britain

€'m			
Constant currency ⁽ⁱ⁾	H1 FY2023	H1 FY2022	Change %
Net revenue	752.3	550.6	36.6%
<i>of which Branded</i>	107.1	89.6	19.5%
- Price / mix impact			17.4%
- Volume impact			2.1%
<i>of which Distribution</i>	631.8	442.3	42.8%
- Price / mix impact			24.0%
- Volume impact			18.8%
<i>of which Co-pack / Other</i>	13.4	18.7	(28.3%)
Operating profit/(loss)⁽ⁱⁱⁱ⁾	35.9	7.2	398.6%
Operating margin	4.8%	1.3%	3.5%pts
<i>of which Branded</i>	10.7	12.2	(12.3%)
<i>of which Distribution</i>	25.2	(5.0)	NM
Volume – (kHL)	2,386	2,141	11.4%
<i>of which Tennent's</i>	495	455	8.8%
<i>of which Magners</i>	320	347	(7.8%)

Our Great Britain division delivered €752.3m of net revenue in H1 FY2023, an increase of 36.6% compared to H1 FY2022, driven by, strong growth in our distribution volumes and a full six months of unrestricted trading. As a result, operating profit increased to €35.9m, compared with €7.2m in H1 FY2022, driven by volume and pricing growth alongside a better channel mix, which delivered operating margin of 4.8% compared with 1.3% in H1 FY2022. We have also seen an as expected rebalancing of the on-trade/off-trade channel split which is now broadly in line with pre COVID-19 levels. Despite a slowdown in on-trade momentum over Q2 FY2023, consistent with the wider market and reflecting of the impact of inflation on discretionary consumer spending, the trend has not been linear with performance in August better than July.

The improvements to our model and a more normalised trading environment have allowed us to deliver increased distribution margins have increased and are now in line with medium-term guided targets, branded margins reflect €6.6m of increased marketing investment in H1 FY2023 and continuing cost pressures, particularly in manufacturing overheads. The division has navigated a challenging market backdrop and continued to progress our One C&C GB integration and optimisation strategy.

Operational Summary

We are pleased to report that Matthew Clark and Bibendum OTIF, one of our key delivery metrics, has continued to improve with 87% on average for H1 FY2023 compared to 76% for the same period in FY2022. CSI (Customer Service Index) and NPS (Net Promotor Score) scores across our Tennent's, Matthew Clark and Bibendum business have also continued to improve over H1 FY2023. Together these metrics reflect our market leading service and ability to meet the evolving needs of our customers.

We continue to grow the level of business we conduct through our market leading ecommerce platforms. In August 2022, 78% of our IFT on-trade revenues were ordered online, with the business well on track to achieve its near-term target of

80% of Independent Free Trade ('IFT') revenue fulfilled through ecommerce. We continue to see higher order values online compared with traditional contact centre orders, with orders on average 15.5% higher.

Wellpark, our Glasgow based manufacturing facility, has had to navigate a challenging inflationary environment with aluminium and energy costs continuing to be the key areas where we are seeing inflationary pressures. Alongside our sustainability initiatives which are on track to deliver the Group's carbon reduction plans for FY2023, we have focused activity on maximising energy efficiency, reducing both our site usage and overall carbon footprint. Wellpark has also retained its British Retail Consortium AA grade, the highest level of food safety standards in the UK.

Brands

Tennent's volumes have grown 8.8% vs H1 FY2022, benefitting from the reopening of the on-trade, with on-trade Tennent's volumes +53%. The investment behind the brand continues to drive positive brand health scores, with Tennent's Lager brand index score reaching 17.8^(xi), its highest ever in July 2022. In the on-trade channel, the brand has lost share of beer with MAT volume share decreasing by 2.1%pts to 35.8%^(xii), share losses have in part been driven by competitor supply chain challenges in 2021 improving. In the off-trade channel, MAT beer volume share of 23.0% has declined compared with H1 FY2022 (24.3%)^(vii), in the near-term, share losses have narrowed in the latest three month data^(vii). The off-trade we have been impacted by continuing premiumisation, as well as several competitor brand launches and format expansions into the off-trade. Despite the share losses, Tennent's volume sales, outsell the two closest competitors by 20%^(xiii).

Cider's share of Long Alcoholic Drinks ('LAD') volume has declined 1.1%pts year-on-year. With Magners, we have lost overall volume share of GB cider, in the off-trade Magners MAT volume share of GB cider decreased by 0.5%pts^(vii) and reduced by 0.2%pts in the on-trade^(viii). We are pleased to report the latest four and twelve week off-trade data, Magners is in volume and value growth, with brand volume share growth of 11.0% and 4.6% in the latest four and twelve week data respectively^(vii). We have continued to grow outlet penetration of Magners in the IFT, with this growing from 33% in H1 FY2022 to 35% in H1 FY2023.

Our premium beer brands, saw significant year-on-year growth in H1 FY2023, albeit from a low base, driven by no restrictions in the hospitality sector. We delivered 48% on-trade volume growth for Heverlee and Menabrea. Our Menabrea and Heverlee brands alongside our agency and equity for growth premium beer brands, namely Innis & Gunn, Drygate and Jubel, have continued to grow both volume and penetration within our IFT account base, with volumes +82% compared H1 FY2022. Heverlee's brand awareness continues to grow and the brand is now the fifth Premium Lager brand by value in Scotland^(xi). In addition, Menabrea has won a number of national listings and the brand has delivered its first above the line media campaign – reaching a third of UK adults.

Distribution

H1 FY2023 volumes have seen a strong start to the year, growing 19% compared with H1 FY2022, with corresponding net revenues +43% on the same basis. We continue to execute our strategy, driving efficiencies into our system through network optimisation; minimum order values and growing our revenues per customer through incremental volumes and categories. As a result, we are pleased to report that distribution margins have grown to 4.0% from 2.3% in H1 in FY2020.

International

International volumes are down 7.2% compared with the same period in H1 FY2022, however, on a like-for-like basis (excluding the divested Vermont Hard Cider Company), volumes are broadly flat. Magners continues to be our main export brand, contributing over 70% of the total international volume. EMEA remains our strongest performing territory with Spain the strongest performing market, aided in part by a strong return of tourism.

Ireland

€m			
Constant currency ⁽ⁱ⁾	H1 FY2023	H1 FY2022	Change %
Net revenue	150.7	115.5	30.5%
<i>of which Branded</i>	58.7	39.7	47.9%
- Price / mix impact			38.1%
- Volume impact			9.8%
<i>of which Distribution</i>	90.8	71.7	26.6%
- Price / mix impact			20.7%
- Volume impact			5.9%
<i>of which Co-pack / Other</i>	1.2	4.1	(70.7%)
Operating profit⁽ⁱⁱⁱ⁾	19.0	8.3	128.9%
<i>Operating margin</i>	12.6%	7.2%	5.4%pts
<i>of which Branded</i>	14.0	7.1	97.2%
<i>of which Distribution</i>	5.0	1.2	316.7%
Volume – (kHL)	800	741	8.0%
<i>of which Bulmers</i>	204	184	10.9%

Our Ireland division's net revenue increased by 30.5%⁽ⁱ⁾ to €150.7m in H1 FY2023, driven by the re-opening of the on-trade. Ireland's operating profit increased by 128.9% to €19.0m with margins growing to 12.6% from 7.2% last year. A better channel mix as a consequence of the removal of trade restrictions, alongside the introduction of Minimum Unit Pricing ('MUP') has helped in improving margins year-on-year despite inflationary cost pressures being faced by the business. Branded operating margins have grown to 23.9% in H1 FY2023 from 17.9% in H1 FY2022. Margins reflect increased marketing investment (48% higher year-on-year) and cost pressure particularly, manufacturing input costs. Distribution margins have grown to 5.5% in H1 FY2023 from 1.7% last year.

Operational Summary

With customer service being core to the success of our brand-led distribution model, we are pleased to note that the average OTIF for H1 FY2023 has improved compared with the same period in H1 FY2022, with August 22 OTIF of 97.5% compared to 94.6% in August 21. This has been key in delivering the revenue and profit growth we have reported.

In January 2022, the Republic of Ireland introduced MUP, we are pleased to report that in the latest MAT volume share data that our Bulmers brand has performed resiliently and increased market share in the off-trade^(ix). We believe this is a reflection of the strength of the brand, its special affinity with Irish consumers and the work undertaken to optimise its position before the introduction of MUP.

We are pleased to report that the revenue being captured online through our ecommerce platform was 71% of total revenue in August 2022 compared with 66% in February 2022. We continue to see higher order values online compared with traditional contact centre orders, with orders on average 15% higher.

Building on the work undertaken in FY2022 to reduce our Clonmel manufacturing site's energy usage, in H1 FY2023 we commenced work to install a heat pump at the site. The pump should be operational in FY2024 and will reduce the site's gas consumption by 40% and reduce our CO2 emissions by 1,800 tonnes per annum. This is another example of a capital investment project being implemented to insulate the business from cost pressures, ensuring security of supply and meeting our sustainability ambitions.

Brands

Bulmers brand investment has been made in a number of areas including traditional sponsorship, outlet activity and above the line campaigns and increasing the level of digital engagement through our social media platforms. This has included experiential events over the summer on Bulmers Light activity, which engaged over 60,000 consumers in nearly 500 outlets with sampling and point of sale.

The Bulmers Brand MAT off-trade cider volume share has grown year-on-year to 55.1%, a significant increase (+7.9pp) compared to pre COVID-19 levels^{(ix),(x)}. Across the latest 13 weeks, share has increased to 57.2%, +11.4pp compared to the same 13 weeks one year ago^(ix). In the on-trade, the latest Bulmers MAT cider volume share at 63.8% reflects growth in Bulmers market share ahead of last year (+0.9pp), however that also reflects significant growth vs pre COVID-19 levels (+2.7pp)^(x). Bulmers continues to enjoy its position as the largest and most popular cider brand in Ireland^{(ix),(x)}.

Distribution

Distribution volumes increased 5.9% in H1 FY2023 compared with the same period in FY2022, with price/mix benefiting from unrestricted trading in the on-trade through H1 FY2023 and improved product mix from spirits. The Group's wine business delivered 20% net revenue growth in H1 FY2023 compared to pre COVID-19 levels.

C&C took on the distribution of Budweiser in summer 2020 and at the time the brand was in MAT lager volume share decline in the off trade. As of August 2022, we are pleased to report that this has largely stabilised with Budweiser MAT off-trade volume share at 10.1% compared with 9.9% in August 2021^(x). This reflects the focus and investment that has gone into repositioning the brand with retailers and consumers.

Notes to Operating Review are set out below.

- (i) H1 FY2022 comparative adjusted for constant currency (H1 FY2022 translated at H1 FY2023 FX rates) as outlined on pages 12-13.
- (ii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation and share of equity accounted investments' profit/(loss) after tax. A reconciliation of the Group's operating profit to adjusted EBITDA is set out on page 11.
- (iii) Before exceptional items.
- (iv) Adjusted diluted earnings per share ('EPS') excludes exceptional items. The current period and comparative periods EPS calculations include an adjustment to the number of shares outstanding before the Rights Issue to reflect the bonus element inherent in it and to ensure both period calculations are on a comparable basis. Please see Note 5 of the Condensed Consolidated Financial Statements.
- (v) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €109.7m (28 February 2022: €84.1m reported or €82.0m on a constant currency basis, 31 August 2021: €115.6m or €115.4m on a constant currency basis) inflow in the year. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.
- (vi) Net debt comprises borrowings (net of issue costs) less cash. Net debt, including the impact of IFRS 16, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Please see Note 9 of the Condensed Consolidated Financial Statements.
- (vii) IRI GB 04.09.22.
- (viii) CGA GB P08 2022.
- (ix) Ireland NielsenIQ 11.09.2022.
- (x) CGA, Ireland 31.08.2022.
- (xi) Tennent's: Source: YouGov Brand Index, Period to 31/0722, Scottish Likely Beer Drinkers.
- (xii) CGA OPM Data to 08/10/2022. Embargoed for wider release until 08/11/2022.
- (xiii) IRI GB Worldwide MAT 04.09.22.

Conference Call & Webcast Details | Analysts & Institutional Investors

C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 27 October 2022, at 08:30 BST (03:30 ET). Dial-in details are below for the conference call.

Conference Call:

Ireland: +353 (1) 436 0959
UK: +44 (0) 330 551 0200
USA: +1 (212) 999-6659

Passcode: Quote 'C&C' when prompted.

For all conference call replay numbers, please contact FTI Consulting at candcgroup@fticonsulting.com.

Webcast:

The Webcast can be accessed at <https://candcgroupplc.com/investors/>.

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About C&C Group plc

C&C Group plc is a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits, and soft drinks across the UK and Ireland.

- C&C Group's portfolio of owned/exclusive brands include: Bulmers, the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners the premium international cider brand; as well as a range of fast-growing, premium and craft ciders and beers, such as Heverlee, Menabrea, Five Lamps and Orchard Pig. C&C exports its Magners and Tennent's brands to over 40 countries worldwide.
- C&C Group has owned brand and contract manufacturing/packing operations in Co. Tipperary, Ireland and Glasgow, Scotland.
- C&C is the No.1 drinks distributor to the UK and Ireland hospitality sectors. Operating through the Matthew Clark, Bibendum, Tennent's and Bulmers Ireland brands, the Group has a market leading range, scale and reach including an intimate understanding of the markets it serves. Together this provides a key route-to-market for major international beverage companies.

C&C Group is a FTSE 250 company headquartered in Dublin and is listed on the London Stock Exchange.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on page 14 that could cause actual results to differ materially from those anticipated.

Financial review

A summary of results for the six months ended 31 August 2022 is set out in the table below:

	Period ended 31 August 2022 ⁽ⁱ⁾	Period ended 31 August 2021 ⁽ⁱ⁾	CC Period ended 31 August 2021 ⁽ⁱ⁾⁽ⁱⁱ⁾
	€m	€m	€m
Net revenue	903.0	657.3	666.1
Operating profit	54.9	16.0	15.5
Net finance costs	(7.5)	(8.5)	
Share of equity accounted investments' loss after tax	-	(0.4)	
Profit before tax	47.4	7.1	
Income tax expense	(10.0)	(1.3)	
Profit for the financial period	37.4	5.8	
Basic EPS	9.6 cent	2.5 cent	
Adjusted diluted EPS⁽ⁱⁱⁱ⁾	9.5 cent	1.6 cent	

Net revenue increased 37.4% on a reported basis or 35.6% on a constant currency basis to €903.0m reflecting the resumption of trading to pre-COVID-19 levels. The operating profit of the Group, before exceptional items, for the six-month period to 31 August 2022 was €54.9m compared to €16.0m in the prior period.

The Group maintains a robust liquidity position with available liquidity of €486.4m at the end of August 2022. With the publication of the Group's Condensed Consolidated Interim Financial Statements, the Group is again compliant with its original covenants, as outlined in Note 8 of the Condensed Consolidated Interim Financial Statements. The net debt: EBITDA (12 month trailing) ratio was 1.5x, with interest cover of 8.9x.

Basic EPS has grown by 284.0% compared to the same prior financial period, with adjusted diluted EPS growing by 493.8%.

The conflict in Ukraine has contributed to heightened uncertainty and inflationary pressures. Geopolitical events are causing rapid distortions in supply, and inflationary pressures are negatively impacting input costs. It is not clear to what extent these external factors will continue to impact the Group as supply chains and markets adjust in the medium to long-term, and whether product price increases continue to mitigate input price inflation. The rapid increases in interest rates to counter inflation may cause a shift in customer purchasing behaviour.

Finance costs, income tax and shareholder returns

Net finance charges before exceptional items of €7.5m (31 August 2021: €8.5m) were incurred in the six months ended 31 August 2022. Exceptional finance charges of €2.0m (31 August 2021: €4.1m) were also incurred in the current financial period directly associated with the Covenant waivers including waiver fees, increased margins payable and other professional fees associated with covenant waivers. The Group also recorded €0.1m (31 August 2021: €0.1m) of exceptional finance income with respect to interest earned on the promissory notes which were a component of the consideration on disposal of the Group's US subsidiary, Vermont Hard Cider Company.

Income tax expense for the period, excluding the impact of exceptional items, was €10.0m. The income tax credit with respect to exceptional items was €0.3m (31 August 2021: charge €0.1m). In line with IAS 34 Interim Financial Reporting the effective tax rate for the period ended 31 August 2022 was 21.1% excluding share of equity accounted investments loss after tax. The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations and carried forward losses on which no deferred tax has been recognised.

Due to the ongoing impact of COVID-19, no final dividend was paid with respect FY2022 (FY2021: €nil). No interim dividend is being declared with respect to FY2023 (FY2022: €nil), but the Board intends to recommence a final year dividend following the release of the full year FY2023 results.

Exceptional items

The Group has incurred an exceptional charge on a before tax basis of €0.3m in the current financial period. This includes €2.0m of exceptional finance charges and €0.1m of exceptional finance income as outlined above.

Also included is a credit of €0.4m directly related to the COVID-19 pandemic. The Group reviewed the recoverability of its debtor book and booked a credit of €0.4m with respect to its provision against trade debtors. At 31 August 2022, the remaining provision balances relating to the COVID-19 pandemic amounted to a €1.1m provision against trade debtors, a €1.5m provision for advances to customers and a €nil provision with respect to inventory.

The Group also recognised a charge of €0.6m in the current financial period in relation to restructuring costs.

During the current financial period, the Group released €0.1m of legal costs previously provided as it was concluded that a proportion of these costs would no longer be required.

The disposal of the first two tranches of the Group's investment in Admiral Taverns for €42.8m cash proceeds (£36.7m) were completed in the current financial period, realising a profit of €1.0m on disposal. This results in the Group continuing to hold the remaining 16.6% equity interest in Admiral Taverns, as an asset held for sale as at 31 August 2022. We expect that the remaining share will be disposed of in H2 FY2023.

Also in the current financial period, the Group received further consideration of €0.7m in relation to the disposal of its non-core Tipperary Water Cooler business in FY2021 due to certain revenue targets being achieved.

Cashflow

Summary cash flow for the six months ended 31 August 2022 is set out in the table below. Strong working capital discipline and the Group's inherent cash generation capability resulted in a free cash inflow of €55.3m pre-exceptional and a related free cash flow conversion of 78.0%.

The increase in the Group's receivables purchase programme, as a direct consequence of increased trading, is a key driver of the working capital inflow in the period. The contribution to period end Group cash from the receivables purchase programme was €109.7m compared to €84.1m (€82.0m on a constant currency basis) at 28 February 2022 – a cash inflow of €27.7m on a constant currency basis in the six month period to 31 August 2022.

	Six months ended 31 August 2022	Six months ended 31 August 2021
	€m	€m
Operating profit	54.8	19.0
Exceptional items	0.1	(3.0)
Operating profit before exceptional items	54.9	16.0
Amortisation and depreciation charge	16.0	14.8
Adjusted EBITDA ^(iv)	70.9	30.8
Cash flow summary		
Adjusted EBITDA ^(iv)	70.9	30.8
Tangible / intangible net expenditure	(7.6)	(11.4)
Exceptional net proceeds on disposal of tangible assets	-	2.3
Advances to customers	2.0	1.5
Working capital movement	(0.9)	10.9
Income taxes paid	(3.4)	(0.8)
Exceptional items paid	(0.8)	(4.0)
Net finance costs paid	(7.3)	(8.8)
Exceptional finance costs paid	(2.3)	(4.8)
Pension contributions paid	-	(0.2)
Other*	1.6	4.2
Free Cash Flow ^(v)	52.2	19.7
Free Cash Flow ^(v) exceptional cash outflow	3.1	6.5
Free Cash Flow ^(v) excluding exceptional cash outflow	55.3	26.2
Reconciliation to Condensed Consolidated Cash Flow Statement		
Free Cash Flow ^(v)	52.2	19.7
<i>Proceeds from sale of business</i>	0.7	12.9
<i>Proceeds from exercise of share options/sale of equity interests</i>	-	0.7
<i>Proceeds from sale of asset held for sale</i>	42.8	-
<i>Proceeds from Rights Issue</i>	-	176.3
<i>Payment of Rights Issue costs</i>	-	(8.6)
<i>Payment of lease liabilities</i>	(11.1)	(9.8)
<i>Drawdown of debt</i>	38.5	9.5
<i>Repayment of debt</i>	(56.6)	(220.1)
Net increase/(decrease) in cash	66.5	(19.4)

* Other primarily relates to the add back of share options, pensions debited to operating profit, exceptional Rights Issue costs and net profit on disposal of property, plant and equipment.

Pensions

In compliance with IFRS, the net assets and actuarial liabilities of the various defined benefit pension schemes operated by Group companies, computed in accordance with IAS 19(R) *Employee Benefits*, are included on the Condensed Consolidated Balance Sheet as retirement benefits.

At 31 August 2022, the Group is reporting a retirement benefit surplus of €45.0m (31 August 2021 net surplus: €18.8m, 28 February 2022 net surplus: €37.6m). All schemes are closed to new entrants. There are 2 active members in the Northern Ireland ('NI') scheme and 48 active members (less than 10% of total membership) in the Republic of Ireland ('ROI') schemes. The Group has an approved funding plan in place, the details of which are disclosed in Note 11 of the Condensed Consolidated Interim Financial Statements. The most recent actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 2021 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2020.

Arising from the formal actuarial valuations of the Group's staff defined benefit pension scheme, the Group committed to contributions of €418,000 per annum commencing in 2021 and increasing at a rate of 1.4% each year thereafter. This will be reviewed at the next actuarial valuation, which is due in the normal course of events at 1 January 2024. There is no funding requirement with respect to the Group's ROI executive defined benefit pension scheme or the Group's NI defined benefit pension scheme, both of which are in surplus.

The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:

	€m
Net surplus at 28 February 2022	37.6
Employer contributions paid	-
Current service cost	(0.3)
Net interest cost on scheme liabilities/assets	0.4
Experience gains and losses on scheme liabilities	(1.3)
Effect of changes in financial assumptions	28.9
Actual return less Interest income on scheme assets	(20.1)
Translation adjustment	(0.2)
Pension surplus at 31 August 2022	45.0

The increase in the net surplus of the Group's defined benefit pension schemes from the 28 February 2022 to 31 August 2022, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to a decrease in liabilities due to a significant increase in bond yields over the six-month period, which also offsets asset value decreases.

Foreign currency and comparative reporting

		Six month period ended 31 August 2022	Six month period ended 31 August 2021
Translation exposure	EUR:GBP	0.846	0.859
	EUR:USD	1.055	1.194

Comparisons for revenue, net revenue and operating profit/(loss) before exceptional items for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling (GBP) and US dollar (USD) denominated subsidiaries by restating the prior period at current period effective rates.

The impact of restating currency exchange rates on the results for the period ended 31 August 2021 is as follows:

	Period ended 31 August 2021 €m	FX Transaction €m	FX Translation €m	Period ended 31 August 2021 Constant currency comparative €m
Revenue				
Ireland	177.0	-	0.4	177.4
<i>Branded</i>	68.3	-	0.2	68.5
<i>Distribution</i>	102.2	-	0.2	102.4
<i>Co-pack/ Other</i>	6.5	-	-	6.5
Great Britain	654.8	-	10.2	665.0
<i>Branded</i>	148.5	-	2.3	150.8
<i>Distribution</i>	486.2	-	7.6	493.8
<i>Co-pack/Other</i>	20.1	-	0.3	20.4
Total	831.8	-	10.6	842.4
Net revenue				
Ireland	115.1	-	0.4	115.5
<i>Branded</i>	39.6	-	0.1	39.7
<i>Distribution</i>	71.4	-	0.3	71.7
<i>Co-pack/ Other</i>	4.1	-	-	4.1
Great Britain	542.2	-	8.4	550.6
<i>Branded</i>	88.1	-	1.5	89.6
<i>Distribution</i>	435.7	-	6.6	442.3
<i>Co-pack/Other</i>	18.4	-	0.3	18.7
Total	657.3	-	8.8	666.1
Operating profit/(loss)⁽ⁱ⁾				
Ireland	8.3	-	-	8.3
<i>Branded</i>	7.1	-	-	7.1
<i>Distribution</i>	1.2	-	-	1.2
Great Britain	7.7	(0.7)	0.2	7.2
<i>Branded</i>	11.9	-	0.3	12.2
<i>Distribution</i>	(4.2)	(0.7)	(0.1)	(5.0)
Total	16.0	(0.7)	0.2	15.5

Notes to the Finance Review are set out below.

- (i) Before exceptional items.
- (ii) H1 FY2022 comparative adjusted for constant currency (H1 FY2022 translated at H1 FY2023 FX rates) as outlined on pages 12-13.
- (iii) Adjusted diluted earnings per share ('EPS') excludes exceptional items. As outlined in Note 5 of the Group's Condensed Consolidated Interim Financial Statements, the comparative period EPS calculations include an adjustment to the number of shares outstanding before the Rights Issue to reflect the bonus element inherent in it.
- (iv) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' loss after tax. A reconciliation of the Group's operating profit to EBITDA is set out on page 11.
- (v) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €109.7m (28 February 2022: €84.1m; 31 August 2021: €115.6m) to cash in the period. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.

Principal risks and uncertainties

We have an established risk management process to identify, assess and monitor the principal risks that we face as a business. We have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year, other than those noted below, remain substantially the same as those stated on pages 34 to 44 of the Group's Annual Financial Statements for the year ended 28 February 2022, which are available on the Group's website, <http://www.candcgroupplc.com>.

The conflict in Ukraine has contributed to heightened uncertainty and inflationary pressures. Geopolitical events are causing rapid distortions in supply, and inflationary pressures are negatively impacting input costs. It is not clear to what extent these external factors will continue to impact the Group as supply chains and markets adjust in the medium to long-term, and whether product price increases continue to mitigate input price inflation. The rapid increases in interest rates to counter inflation may cause a shift in customer purchasing behaviour.

Directors' responsibility statement in respect of the half-yearly financial report for the six months ended 31 August 2022

We confirm our responsibility for the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules ('DTR') of the Financial Conduct Authority ('FCA') and with IAS 34 *Interim Financial Reporting* as adopted by the EU, and that to the best of our knowledge:

- the condensed set of financial statements comprising the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related notes have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - (a) DTR 4.2.7R,
 - being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and,
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R,
 - being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and,
 - any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of C&C Group plc, and their functions, are listed in the Group's Annual Financial Statements for the year ended 28 February 2022, with the exception of the following changes during the period:

- Stewart Gilliland resigned as Chair on 7 July 2022; and
- Ralph Findlay was appointed as Chair on 7 July 2022.

The Group's auditor has not audited or reviewed the Condensed Consolidated Interim Financial Statements or the remainder of the half-yearly financial report.

On behalf of the Board

R. Findlay
Chair
27 October 2022

D. Forde
Chief Executive Officer

**Condensed Consolidated Income Statement
for the six months ended 31 August 2022**

	Notes	Six months ended 31 August 2022 (unaudited)			Six months ended 31 August 2021 (unaudited)		
		Before exceptional items €m	Exceptional items (Note 4) €m	Total €m	Before exceptional items €m	Exceptional items (Note 4) €m	Total €m
Revenue	2	1,101.2	-	1,101.2	831.8	-	831.8
Excise duties		(198.2)	-	(198.2)	(174.5)	-	(174.5)
Net revenue	2	903.0	-	903.0	657.3	-	657.3
Operating costs		(848.1)	(0.1)	(848.2)	(641.3)	3.0	(638.3)
Group operating profit/(loss)	2	54.9	(0.1)	54.8	16.0	3.0	19.0
Profit on disposal	4	-	1.7	1.7	-	4.5	4.5
Finance income		-	0.1	0.1	-	0.1	0.1
Finance expense		(7.5)	(2.0)	(9.5)	(8.5)	(4.1)	(12.6)
Share of equity accounted investments' loss after tax		-	-	-	(0.4)	(0.1)	(0.5)
Profit/(loss) before tax		47.4	(0.3)	47.1	7.1	3.4	10.5
Income tax (expense)/credit	3	(10.0)	0.3	(9.7)	(1.3)	(0.1)	(1.4)
Group profit for the financial period attributable to equity shareholders		37.4	-	37.4	5.8	3.3	9.1
Basic earnings per share (cent)	5			9.6c			2.5c
Diluted earnings per share (cent)	5			9.5c			2.5c

All of the results are related to continuing operations.

**Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 August 2022**

	Six months ended 31 August 2022 (unaudited)	Six months ended 31 August 2021 (unaudited)
Notes	€m	€m
Other comprehensive income:		
Items that may be reclassified to Income Statement in subsequent years:		
Foreign currency translation differences arising on the net investment in foreign operations	(10.1)	2.3
Foreign currency recycled on disposal of equity accounted investment	(1.0)	(0.2)
Gain relating to cash flow hedges	0.8	-
Deferred tax liability relating to cash flow hedges	(0.2)	-
Items that will not be reclassified to Income Statement in subsequent years:		
Actuarial gain on retirement benefits	11 7.5	13.9
Deferred tax charge on actuarial gain on retirement benefits	(0.6)	(1.9)
Net (loss)/gain recognised directly within Other Comprehensive Income	(3.6)	14.1
Group profit for the financial period	37.4	9.1
Total comprehensive income for the financial period	33.8	23.2

**Condensed Consolidated Balance Sheet
as at 31 August 2022**

	Notes	As at 31 August 2022 (unaudited) €m	As at 31 August 2021 (unaudited) €m	As at 28 February 2022 (audited) €m
ASSETS				
Non-current assets				
Property, plant & equipment	6	207.4	197.9	214.0
Goodwill & intangible assets	7	649.1	648.5	656.5
Equity accounted investments/financial assets		1.3	67.5	1.3
Retirement benefits	11	45.0	18.8	37.6
Deferred tax assets		22.8	22.2	27.0
Derivative financial assets		5.4	-	4.3
Trade & other receivables		35.9	39.0	43.0
		966.9	993.9	983.7
Current assets				
Inventories		174.4	149.2	168.2
Trade & other receivables		256.6	266.0	186.3
Cash		131.8	89.0	64.7
		562.8	504.2	419.2
Assets held for sale		21.3	-	65.8
		584.1	504.2	485.0
TOTAL ASSETS		1,551.0	1,498.1	1,468.7
EQUITY				
Equity share capital		4.0	4.0	4.0
Share premium		347.2	347.2	347.2
Other reserves		89.0	86.8	98.3
Treasury shares		(35.4)	(36.3)	(36.0)
Retained income		329.6	239.5	285.5
Total Equity		734.4	641.2	699.0
LIABILITIES				
Non-current liabilities				
Lease liabilities		57.2	52.1	59.8
Interest bearing loans & borrowings	8	237.2	205.1	219.4
Provisions		3.7	6.6	3.9
Deferred tax liabilities		31.5	17.5	30.2
		329.6	281.3	313.3
Current liabilities				
Lease liabilities		18.0	18.5	20.2
Derivative financial liabilities		-	-	0.1
Trade & other payables		459.1	487.5	386.1
Interest bearing loans & borrowings	8	(0.9)	59.1	36.6
Provisions		4.3	4.8	8.2
Current income tax liabilities		6.5	5.7	5.2
		487.0	575.6	456.4
Total liabilities		816.6	856.9	769.7
TOTAL EQUITY & LIABILITIES		1,551.0	1,498.1	1,468.7

**Condensed Consolidated Cash Flow Statement
for the six months ended 31 August 2022**

	Notes	Six months ended 31 August 2022 (unaudited) €m	Six months ended 31 August 2021 (unaudited) €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group profit for the financial period		37.4	9.1
Finance income		(0.1)	(0.1)
Finance expense		9.5	12.6
Income tax expense	3	9.7	1.4
Loss on share of equity accounted investment		-	0.5
Profit on disposal of asset held for sale	4	(1.0)	-
Depreciation of property, plant & equipment	6	14.8	13.5
Amortisation of intangible assets	7	1.2	1.3
Profit on disposal of a subsidiary	4	(0.7)	(4.5)
Net profit on disposal of property, plant & equipment	6	-	(1.8)
Rights Issue costs recorded as exceptional	4	-	2.0
Charge for equity settled share-based payments		1.6	1.9
Pension charged to Income Statement less contributions paid	11	(0.1)	0.1
		72.3	36.0
Increase in inventories		(9.6)	(26.9)
Increase in trade & other receivables		(73.2)	(159.1)
Increase in trade & other payables		87.4	195.5
Decrease in provisions		(4.1)	(2.3)
		72.8	43.2
Interest and similar costs paid		(9.6)	(13.6)
Income taxes paid		(3.4)	(0.8)
Net cash inflow from operating activities		59.8	28.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	6	(5.5)	(11.4)
Purchase of intangible assets	7	(2.1)	-
Net proceeds on disposal of property, plant & equipment	6	-	2.3
Sale of business	4	0.7	12.9
Net proceeds on disposal of asset held for sale	4	42.8	-
Net cash inflow from investing activities		35.9	3.8
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/sale of equity Interests		-	0.7
Proceeds from Rights Issue		-	176.3
Drawdown of debt		38.5	9.5
Repayment of debt		(56.6)	(220.1)
Payment of lease liabilities		(11.1)	(9.8)
Payment of Rights Issue costs		-	(8.6)
Net cash outflow from financing activities		(29.2)	(52.0)
Net increase/(decrease) in cash		66.5	(19.4)
Reconciliation of opening to closing cash			
Cash at beginning of year		64.7	107.7
Translation adjustments		0.6	0.7
Net increase/(decrease) in cash		66.5	(19.4)
Cash at end of period		131.8	89.0

A reconciliation of Net Debt is presented in Note 9.

**Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 August 2022**

	Equity share capital	Share premium	Other capital reserves	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2022	4.0	347.2	25.8	(0.1)	4.4	53.3	14.9	(36.0)	285.5	699.0
Profit for the financial period	-	-	-	-	-	-	-	-	37.4	37.4
Other comprehensive income/(expense)	-	-	-	0.6	-	(11.1)	-	-	6.9	(3.6)
Total comprehensive income	-	-	-	0.6	-	(11.1)	-	-	44.3	33.8
Reclassification of share-based payments reserve	-	-	-	-	(0.4)	-	-	-	0.4	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.6	(0.6)	-
Equity settled share-based payments	-	-	-	-	1.6	-	-	-	-	1.6
Total transactions with owners	-	-	-	-	1.2	-	-	0.6	(0.2)	1.6
At 31 August 2022	4.0	347.2	25.8	0.5	5.6	42.2	14.9	(35.4)	329.6	734.4

**Condensed Consolidated Statement of Changes in Equity - continued
for the financial year ended 28 February 2022**

	Equity share capital	Share premium	Other capital reserves	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 March 2021	3.2	171.3	25.8	-	3.3	41.6	12.4	(36.5)	225.0	446.1
Profit for the financial period	-	-	-	-	-	-	-	-	9.1	9.1
Other comprehensive income	-	-	-	-	-	2.1	-	-	12.0	14.1
Total comprehensive income	-	-	-	-	-	2.1	-	-	21.1	23.2
Ordinary Share Capital issued	0.8	175.5	-	-	-	-	-	-	-	176.3
Share issue costs	-	-	-	-	-	-	-	-	(6.6)	(6.6)
Exercised share options	-	0.4	-	-	-	-	-	-	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.2	(0.2)	-
Equity settled share-based payments	-	-	-	-	1.8	-	-	-	-	1.8
Total transactions with owners	0.8	175.9	-	-	1.6	-	-	0.2	(6.6)	171.9
At 31 August 2021	4.0	347.2	25.8	-	4.9	43.7	12.4	(36.3)	239.5	641.2
Profit for the financial period	-	-	-	-	-	-	-	-	28.0	28.0
Other comprehensive income/(expense)	-	-	-	(0.1)	-	9.6	2.5	-	18.1	30.1
Total comprehensive income	-	-	-	(0.1)	-	9.6	2.5	-	46.1	58.1
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.3	(0.3)	-
Equity settled share-based payments	-	-	-	-	(0.3)	-	-	-	-	(0.3)
Total transactions with owners	-	-	-	-	(0.5)	-	-	0.3	(0.1)	(0.3)
At 28 February 2022	4.0	347.2	25.8	(0.1)	4.4	53.3	14.9	(36.0)	285.5	699.0

Notes to the Condensed Consolidated Interim Financial Statements for the six months ended 31 August 2022

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Condensed Consolidated Interim Financial Statements are consistent with the recognition and measurement requirements of IFRS as endorsed by the EU Commission and those set out in the Consolidated Financial Statements for the year ended 28 February 2022 and as described in those Financial Statements on pages 154 to 170, except for the adoption of new standards, interpretations and standard amendments effective as of 1 March 2022.

Adoption of IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations

The following new standards, interpretations and standard amendments became effective for the Group as of 1 March 2022:

- Reference to the Conceptual Framework – Amendments to IFRS 3;
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37;
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter;
- AIP IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities; and
- AIP IAS 41 Agriculture – Taxation in fair value measurements.

The new standard amendments did not result in a material impact on the Group’s results.

Basis of preparation

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group’s Annual Report for the year ended 28 February 2022 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRS). The accounting policies and methods of computation and presentation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 28 February 2022.

The interim financial information for both the six months ended 31 August 2022 and the comparative six months ended 31 August 2021 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2022 represents an abbreviated version of the Group’s financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

The financial information is presented in Euro millions, rounded to one decimal place. The exchange rates used in translating Balance Sheet and Income Statement amounts were as follows:

	Six months to 31 August 2022	Six months to 31 August 2021	Year ended 28 February 2022
Balance Sheet (Euro: Sterling closing rate)	0.860	0.859	0.836
Income Statement (Euro: Sterling average rate)	0.846	0.859	0.852
Balance Sheet (Euro: USD closing rate)	1.00	1.183	1.112
Income Statement (Euro: USD average rate)	1.055	1.194	1.170

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report. Liquidity of the Group, defined as cash and undrawn credit facilities, as at 31 August 2022 was €486.4m.

With the publication of the Group's Condensed Consolidated Interim Financial Statements, the Group is back within compliance with its original covenants, as outlined in Note 8 of the Condensed Consolidated Interim Financial Statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Condensed Consolidated Interim Financial Statements.

2. Segmental analysis

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, spirits and soft drinks. Two operating segments were newly identified in the prior financial year; Ireland and Great Britain. In FY2021, the Group reported under four segments (Ireland, GB, MCB and International), however following a business review and organisational structure change in FY2022, this was reduced to two for FY2022. The Group has restated the operating segment information for the financial period ended 31 August 2021 to conform with the current financial period presentation.

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ('CODM'). The CODM, identified as the executive Directors, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

The identified business segments are as follows:

(i) Ireland

This segment includes the financial results from sale of the Group's own branded products across the island of Ireland, principally Bulmers, Magners, Tennent's, Five Lamps, Clonmel 1650, Heverlee, Dowd's Lane, Seven Summits hard seltzer, Roundstone Irish Ale, Linden Village, Finches and Tipperary Water. The Group also operates the Bulmers Ireland drinks distribution business, a leading distributor of third-party drinks to the licenced on and off-trade in Ireland. The Group distributes San Miguel, Tsingtao and Budweiser Brewing Group beer brands across the island of Ireland. Since July 2020, the Group has also distributed the Budweiser brand on an exclusive basis. The primary manufacturing plant is located in Clonmel, Co. Tipperary, with major distribution and administration centres in Dublin and Culcavy, Northern Ireland.

(ii) Great Britain (GB)

This segment includes the financial results from sale of the Group's own branded products in Scotland, with Tennent's, Caledonia Best, Heverlee and Magners the main brands. This division includes the sale of the Group's portfolio of owned cider brands across the rest of GB, including Magners, Orchard Pig, K Cider and Blackthorn which are distributed in partnership with the Budweiser Brewing Group. In addition, the division includes the Tennent's drinks distribution business in Scotland. The Group also distributes selected Budweiser Brewing Group brands in Scotland and the Tsingtao and Menabrea international beer brands across the UK. The primary manufacturing plant and administration centre is located at the Wellpark Brewery in Glasgow.

In addition, this segment includes the financial results from the Matthew Clark and Bibendum distribution businesses. Matthew Clark is the largest independent distributor to the UK on-trade drinks sector. It offers an unrivalled range of products, including beers, wines, spirits, cider and soft drinks. Matthew Clark and Bibendum also have a number of exclusive distribution agreements for third party products (mainly wines but also including spirits) into the UK market and also has a limited range of own brand wines. Bibendum is one of the largest wine, spirits and craft beer distributors and wholesalers to the UK on-trade and off-trade, with a particular focus on wine.

Together the Tennent's, Matthew Clark and Bibendum distribution businesses operate a nationwide distribution network serving the independent free trade and national accounts.

Further, this segment includes the financial results from the sale and distribution of the Group's own branded products, principally Magners and Tennent's outside of the UK and Ireland. The Group exports to over 40 countries globally, notably in continental Europe, Asia and Australia. The Group operates mainly through local distributors in these markets and regions.

This segment also includes the sale of the Group's cider and beer products in the US and Canada. In April 2021, the business divested the wholly-owned US subsidiary, Vermont Hard Cider Company and its Woodchuck suite of brands.

The Group's analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

(a) Analysis by reporting segment

	Six months to 31 August 2022			Six months to 31 August 2021*		
	Revenue	Net revenue	Operating profit/(loss)	Revenue	Net revenue	Operating profit/(loss)
	€m	€m	€m	€m	€m	€m
Ireland	209.9	150.7	19.0	177.0	115.1	8.3
Great Britain	891.3	752.3	35.9	654.8	542.2	7.7
Total before exceptional items	1,101.2	903.0	54.9	831.8	657.3	16.0
Exceptional items (Note 4)	-	-	(0.1)	-	-	3.0
Group operating profit	-	-	54.8	-	-	19.0
Profit on disposal	-	-	1.7	-	-	4.5
Finance income	-	-	0.1	-	-	0.1
Finance expense	-	-	(7.5)	-	-	(8.5)
Finance expense exceptional items	-	-	(2.0)	-	-	(4.1)
Share of equity accounted investments' loss after tax before exceptional items	-	-	-	-	-	(0.4)
Share of equity accounted investments' exceptional items	-	-	-	-	-	(0.1)
	1,101.2	903.0	47.1	831.8	657.3	10.5

*The Group has restated the operating segment information for the period ended 31 August 2021 to conform with the current period presentation.

Of the exceptional items in the current financial period, €0.2m credit relates to Ireland (31 August 2021: €1.2m) and €0.3m charge relates to Great Britain (31 August 2021: €3.8m credit). Also in the prior financial period, there was a €2.0m charge unallocated.

The profit on disposal of €1.7m in the current financial period (31 August 2021: €4.5m) consists of €1.0m relating to the disposal of Admiral Taverns within the Great Britain operating segment and €0.7m further consideration received in relation to the disposal of the Group's non-core Tipperary Water Cooler business in FY2021 attributable to the Ireland operating segment.

Due mainly to the classification of the Admiral Taverns equity investment as an asset held for sale in FY2022, the share of equity accounted investments' profit/(loss) after tax before exceptional items is €nil (31 August 2021: €0.4m loss) and its share of exceptional profit/(loss) is also €nil (31 August 2021: €0.1m loss), these related to Great Britain in the prior financial period.

Total assets for the period ended 31 August 2022 amounted to €1,551.0m (31 August 2021: €1,498.1m, 28 February 2022: €1,468.7m).

(b) Geographical analysis of non-current assets

	Ireland €m	Great Britain €m	International €m	Total €m
31 August 2022				
Property, plant & equipment	72.7	130.1	4.6	207.4
Goodwill & intangible assets	157.2	466.7	25.2	649.1
Equity accounted investments/financial assets	0.7	0.4	0.2	1.3
Total	230.6	597.2	30.0	857.8

	Ireland €m	Great Britain €m	International €m	Total €m
31 August 2021				
Property, plant & equipment	70.2	122.9	4.8	197.9
Goodwill & intangible assets	157.7	465.6	25.2	648.5
Equity accounted investments/financial assets	0.4	62.9	4.2	67.5
Total	228.3	651.4	34.2	913.9

The geographical analysis of non-current assets, with the exception of Goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of Goodwill & intangible assets is allocated based on the country of destination of sales at date of acquisition.

(c) Disaggregated net revenue

In the following table, net revenue is disaggregated by principal activities and products. Principal activities and products is the primary basis on which management reviews its businesses across the Group. To aid in more useful analysis of the Group's business performance, the Group introduced Branded and Distribution in FY2022 to better reflect how the business is managed commercially and the distinct revenue sources which drive its performance as a brand-led distributor in the UK and Ireland.

Principal activities and products – Net revenue

	Ireland €m	Great Britain €m	Total €m
31 August 2022			
Branded*	58.7	107.1	165.8
Distribution**	90.8	631.8	722.6
Co pack/Other	1.2	13.4	14.6
Net revenue	150.7	752.3	903.0

* Branded is defined as being brands either fully owned by C&C or sold by C&C as part of a long-term distribution deal, whereby C&C are responsible for the marketing as well as sale of the brand in the associated geography.

** Distribution is defined as third-party brands sold through our distribution businesses and brands where C&C act as an exclusive agent for a brand in a specific geography.

	Ireland €m	Great Britain €m	Total €m
31 August 2021***			
Branded*	39.6	88.1	127.7
Distribution**	71.4	435.7	507.1
Co pack/Other	4.1	18.4	22.5
Net revenue	115.1	542.2	657.3

* Branded defined as being brands either fully owned by C&C or sold by C&C as part of a long-term distribution deal, whereby C&C are responsible for the marketing as well as sale of the brand in the associated geography.

** Distribution defined as third-party brands sold through our distribution businesses and brands where C&C act as an exclusive agent for a brand in a specific geography.

*** The Group has restated the disaggregated net revenue information for the period ended 31 August 2021 to conform with the current financial period presentation.

Cyclicality of interim results

Under a normal trading environment, Branded (excluding Distribution) within the Group's portfolio, particularly its cider brands, tend to have higher consumption during the summer months, which fall within the first half of the financial year. In addition, external factors such as weather and significant sporting events, which traditionally take place in the summer months, will have a greater impact on first half trading. Accordingly, trading profit is usually higher in the first half than in the second. For Distribution, the most important trading period in terms of sales, profitability and cash flow has been the Christmas season, in which case the second half of the year will have a greater impact on our distribution business.

In the current financial period, we have had our first unrestricted trading period without the impact of COVID-19 trading restrictions. This will continue to be a key influencing factor on the performance of the Group's financial year ending 28 February 2023, compared to its prior periods.

3. Income tax expense

Income tax expense for the period, excluding the impact of exceptional items, was €10.0m (31 August 2021: €1.3m). The income tax credit with respect to exceptional items was €0.3m (31 August 2021: expense €0.1m).

In line with IAS 34 Interim Financial Reporting the effective tax rate for the period ended 31 August 2022 was 21.1%. The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations.

4. Exceptional items

	Six months to 31 August 2022 €m	Six months to 31 August 2021 €m
Operating costs		
COVID-19 (a)	0.4	3.0
Restructuring costs (b)	(0.6)	2.0
Costs associated with Rights Issue (c)	-	(2.0)
Other (d)	0.1	-
Operating (loss)/profit exceptional items	(0.1)	3.0
Profit on disposal (e)	1.7	4.5
Finance income (f)	0.1	0.1
Finance charges (g)	(2.0)	(4.1)
Share of equity accounted investments' exceptional items (h)	-	(0.1)
(Loss)/profit before tax	(0.3)	3.4
Income tax credit/(expense) (i)	0.3	(0.1)
Total (loss)/profit after tax	-	3.3

(a) COVID-19

The Group continues to account for the ongoing effect of COVID-19 as an exceptional item and, in that regard, has incurred an exceptional credit of €0.4m from operating activities at 31 August 2022 (31 August 2021: a credit of €3.0m). The Group reviewed the recoverability of its debtor book and booked a credit of €0.4m with respect to its provision against trade debtors (31 August 2021: €1.8m). At 31 August 2022, the remaining provision balances relating to the COVID-19 pandemic amounted to a €1.1m provision against trade debtors, €1.5m provision for advances to customers and a €nil provision with respect to inventory.

In the prior financial period, the Group also recognised a credit of €1.2m relating to the disposal of inventory, which had previously been deemed obsolete in FY2021, as a consequence of the COVID-19 restrictions.

(b) Restructuring costs

The Group incurred costs of €0.6m in relation to redundancy costs in the current financial period. In the prior financial period, the Group recognised a credit of €2.0m as a direct consequence of the optimisation of the delivery networks in England and Scotland, primarily relating to a profit of €1.8m arising from the disposal of a property and a release of €0.2m on revision of expected spend of the project.

(c) Costs associated with Rights Issue

In the prior financial period, the Group completed a successful Rights Issue in June 2021 issuing 81,287,315 New Ordinary Shares at 186 pence per New Ordinary Share, raising gross proceeds of £151.2m (€176.3m). Attributable costs of €8.6m were incurred, of which €6.6m was debited directly to Equity and €2.0m was recorded as an exceptional charge in the Group's Condensed Consolidated Income Statement.

(d) Other

During the current financial period, the Group released €0.1m of legal costs previously provided as it was concluded that a proportion of these costs would no longer be required.

(e) Profit on disposal

Admiral Taverns was classified as an asset held for sale in FY2022. On 17 May 2022, the Group announced the sale of its joint venture in Admiral Taverns, to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). The consideration and the sale of the respective shares is payable in three tranches in FY2023. The first two tranches equating to €42.8m cash proceeds (£36.7m) were completed in the current financial period, realising a profit of €1.0m on disposal. This results in the Group continuing to hold the remaining 16.6% equity interest in

Admiral Taverns, as an asset held for sale as at 31 August 2022. It is expected that the remaining share will be disposed of in H2 FY2023.

Also in the current financial period, the Group received further consideration of €0.7m in relation to the disposal of its non-core Tipperary Water Cooler business in FY2021 due to certain revenue targets being achieved.

In the prior financial period, the Group completed the sale of its wholly owned US subsidiary, Vermont Hard Cider Company to Northeast Kingdom Drinks Group, LLC for a total consideration of €17.5m (USD 20.5m) (comprised of cash proceeds of €13.4m (€12.9m net cash impact on disposal) and promissory notes of €4.1m), realising a profit of €4.5m on disposal.

(f) Finance income exceptional items

The Group earned finance income of €0.1m in the current financial period (31 August 2021: €0.1m) relating to promissory notes issued as part of the disposal of the Group's subsidiary Vermont Hard Cider Company in FY2022.

(g) Finance expense exceptional items

The Group incurred costs of €2.0m (31 August 2021: €4.1m) directly associated with the covenant waivers secured due to the impact of COVID-19. These costs included waiver fees, increased margins payable and other professional fees associated with the covenant waivers.

(h) Share of equity accounted investments' exceptional items

Admiral Taverns was classified as an asset held for sale in FY2022, the Group discontinued equity accounting for this investment at that date. As such in the current financial period, the Group incurred no share of Admiral Taverns' exceptional items.

In the prior financial period, the Group incurred a charge of €0.1m with respect to its share of Admiral Taverns' exceptional items. The Group recognised an exceptional credit in relation to its share of a release from the expected loss provision with respect to the recoverability of Admiral Taverns' debtor book as a consequence of COVID-19 of €0.5m. This was offset by the Group's share of acquisition costs of €0.6m incurred with respect to Admiral Taverns' acquisition of Hawthorn.

(i) Income tax expense

The tax credit in the current financial period with respect to exceptional items was €0.3m (31 August 2021: expense €0.1m).

5. Earnings per ordinary share

Denominator computations

	31 August 2022	31 August 2021
	Number	Number
	'000	'000
Number of shares at beginning of period	401,914	320,480
Shares issued in respect of options exercised	-	147
Shares issued in Rights Issue	-	81,287
Number of shares at end of period	401,914	401,914
Weighted average number of ordinary shares, excluding treasury shares (basic)	391,268	357,646
Adjustment for the effect of conversion of options	1,560	879
Weighted average number of ordinary shares, including options (diluted)	392,828	358,524

Profit for the period attributable to ordinary shareholders

	Six months to 31 August 2022 €m	Six months to 31 August 2021 €m
Profit attributable to equity holders of the parent	37.4	9.1
Adjustments for exceptional items, net of tax (Note 4)	-	(3.3)
Earnings as adjusted for exceptional items, net of tax	37.4	5.8

	Cent	Cent
Basic earnings per share	Cent	Cent
Basic earnings per share	9.6	2.5
Adjusted basic earnings per share	9.6	1.6
Diluted earnings per share		
Diluted earnings per share	9.5	2.5
Adjusted diluted earnings per share	9.5	1.6

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (31 August 2022: 10.5m shares; 31 August 2021: 10.8m shares, 28 February 2022: 10.7m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied at the end of the reporting period. If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period. Contingently issuable shares excluded from the calculation of diluted earnings per share totalled 156,699 at 31 August 2022 (997,323: 31 August 2021).

6. Property, plant & equipment

Acquisitions and disposals

During the current financial period, the Group acquired assets of €4.3m (31 August 2021 total additions: €6.4m). Total cash outflow in the period in relation to the purchase of property, plant & equipment amounted to €5.5m (31 August 2021 total cash outflow: €11.4m) as a result of a decrease in accruals relating to capital expenditure.

In the current financial period, the Group disposed of no property plant and equipment. In the prior financial period, the Group disposed of assets, with a net book value of €5.4m, as part of the sale of its wholly owned US subsidiary, Vermont Hard Cider Company. Also, in the prior financial period, the Group disposed of other assets with a net book value of €0.5m and realised a profit of €1.8m on the disposal.

The Group's depreciation charge for six months to 31 August 2022 amounted to €14.8m (31 August 2021: €13.5m).

Impairment

The carrying value of items of land & buildings and plant & machinery are reviewed and tested for impairment at each financial year end date or more frequently if events or changes in circumstances indicate that their carrying value may not be recoverable. There was no impairment during the current financial period.

7. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2021	599.8	321.9	40.5	962.2
Additions	-	-	-	-
Translation adjustment	2.1	1.5	0.2	3.8
At 31 August 2021	601.9	323.4	40.7	966.0
Additions	-	-	2.2	2.2
Translation adjustment	4.4	3.0	0.3	7.7
At 28 February 2022	606.3	326.4	43.2	975.9
Additions	-	-	2.1	2.1
Translation adjustment	(4.7)	(3.2)	(0.4)	(8.3)
At 31 August 2022	601.6	323.2	44.9	969.7
Amortisation and impairment				
At 1 March 2021	(76.2)	(214.6)	(25.4)	(316.2)
Charge for the period ended 31 August 2021	-	-	(1.3)	(1.3)
At 31 August 2021	(76.2)	(214.6)	(26.7)	(317.5)
Impairment charge for the year	-	-	(0.6)	(0.6)
Charge for the period ended 28 February 2022	-	-	(1.3)	(1.3)
At 28 February 2022	(76.2)	(214.6)	(28.6)	(319.4)
Charge for the period ended 31 August 2022	-	-	(1.2)	(1.2)
At 31 August 2022	(76.2)	(214.6)	(29.8)	(320.6)
Net Book Value at 31 August 2022	525.4	108.6	15.1	649.1
Net Book Value at 28 February 2022	530.1	111.8	14.6	656.5
Net Book Value at 31 August 2021	525.7	108.8	14.0	648.5

Other intangible asset additions for the financial period were €2.1m relating to the ERP upgrade in GB (31 August 2021: €nil; year ended 28 February 2022 €2.2m) and the amortisation charge for the financial period ended 31 August 2022 was €1.2m (31 August 2021: €1.3m; year ended 28 February 2022 €2.6m). In FY2022, the Group wrote off IT intangible assets of €0.6m relating to cloud software licence agreements treated as service contracts.

Brands and goodwill assets considered to have an indefinite life, are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicated that the carrying values may not be recoverable and impairment testing is required earlier.

The value of brands and goodwill considered to have an indefinite life were assessed for impairment at 28 February 2022 and given no material changes in circumstances since that date, they will be formally assessed again at 28 February 2023.

8. Interest bearing loans & borrowings

	31 August 2022 €m	31 August 2021 €m	28 February 2022 €m
Current liabilities			
Unsecured loans repayable by one repayment on maturity	0.8	0.7	0.7
Unsecured loans repayable by instalment	-	(59.9)	(37.4)
Private Placement notes repayable by one repayment on maturity	0.1	0.1	0.1
	0.9	(59.1)	(36.6)
Non-current liabilities			
Unsecured loans repayable by one repayment on maturity	(94.7)	(62.7)	(75.0)
Private Placement notes repayable by one repayment on maturity	(142.5)	(142.4)	(144.4)
	(237.2)	(205.1)	(219.4)
Total borrowings	(236.3)	(264.2)	(256.0)

Covenants

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group. With the publication of the Group's Condensed Consolidated Interim Financial Statements, the Group is back within compliance with its original covenants.

The Group's multi-currency debt facility incorporates the following original financial covenants:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date will not be less than 3.5:1
- Net debt: EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date will not exceed 3.5:1

The net debt: EBITDA (12 month trailing) ratio was 1.5x, with interest cover of 8.9x at the current financial period end.

9. Analysis of net debt

	1 March 2022 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash flow, net €m	Non-cash changes €m	31 August 2022 €m
Interest bearing loans & borrowings	(256.0)	2.0	-	18.1	(0.4)	(236.3)*
Cash	64.7	0.6	-	66.5	-	131.8
Net debt excluding leases	(191.3)	2.6	-	84.6	(0.4)	(104.5)
Lease liabilities	(80.0)	2.1	(8.4)	12.6**	(1.5)	(75.2)
Net debt including leases	(271.3)	4.7	(8.4)	97.2	(1.9)	(179.7)

*Interest bearing loans & borrowings as at 31 August 2022 are net of unamortised issue costs of €2.5m.

** Payments are apportioned between Finance charges €1.5m and payment of lease liabilities €11.1m in the Condensed Consolidated Cash Flow Statement.

	1 September 2021 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash flow, net €m	Non-cash changes €m	28 February 2022 €m
Interest bearing loans & borrowings	(264.2)	(2.9)	-	11.6	(0.5)	(256.0)*
Cash	89.0	1.8	-	(26.1)	-	64.7
Net debt excluding leases	(175.2)	(1.1)	-	(14.5)	(0.5)	(191.3)
Lease liabilities	(70.6)	(2.1)	(19.4)	13.9	(1.8)	(80.0)
Net debt including leases	(245.8)	(3.2)	(19.4)	(0.6)	(2.3)	(271.3)

*Interest bearing loans & borrowings at 28 February 2022 are net of unamortised issue costs of €2.9m.

	1 March 2021 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash flow, net €m	Non-cash changes €m	31 August 2021 €m
Interest bearing loans & borrowings	(470.0)	(4.3)	-	210.6	(0.5)	(264.2)*
Cash	107.7	0.7	-	(19.4)	-	89.0
Net debt excluding leases	(362.3)	(3.6)	-	191.2	(0.5)	(175.2)
Lease liabilities	(79.6)	(1.1)	0.3	11.3**	(1.5)	(70.6)
Net debt including leases	(441.9)	(4.7)	0.3	202.5	(2.0)	(245.8)

* Interest bearing loans & borrowings as at 31 August 2021 are net of unamortised issue costs of €3.4m.

** Payments are apportioned between Finance charges €1.5m and payment of lease liabilities €9.8m in the Condensed Consolidated Cash Flow Statement.

During the period to 31 August 2022, the leases for HGV fleet for Matthew Clark were transferred to a new lessor and the lease on one depot was renewed. There were no other significant changes and the movement in leases was otherwise in line with expectations based on the current lease portfolio.

The non-cash changes for interest bearing loans & borrowings in the current and prior financial periods relate to the amortisation of issue costs. The non-cash changes for lease liabilities in the current and prior financial periods relate to discount unwinding.

10. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2022 and 31 August 2021 were as follows:

31 August 2022	Derivative financial instruments	Other financial assets	Other financial liabilities	Carrying Value	Fair value
	€m	€m	€m	€m	€m
Financial assets:					
Cash	-	131.8	-	131.8	131.8
Trade receivables	-	209.5	-	209.5	209.5
Advances to customers	-	37.8	-	37.8	37.8
Derivative contracts	0.7	-	-	0.7	0.7
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(236.3)	(236.3)	(238.8)
Trade & other payables	-	-	(459.1)	(459.1)	(459.1)
	0.7	379.1	(695.4)	(315.6)	(318.1)
<hr/>					
31 August 2021	Derivative financial instruments	Other financial assets	Other financial liabilities	Carrying value	Fair value
	€m	€m	€m	€m	€m
Financial assets:					
Cash	-	89.0	-	89.0	89.0
Trade receivables	-	219.8	-	219.8	219.8
Advances to customers	-	41.1	-	41.1	41.1
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(264.2)	(264.2)	(267.6)
Trade & other payables	-	-	(487.5)	(487.5)	(487.5)
	-	349.9	(751.7)	(401.8)	(405.2)

Short term bank deposits and cash

The nominal amount of all short-term bank deposits and cash is deemed to reflect fair value at the balance sheet date.

Advances to customers

Advances to customers, adjusted for advances of discount prepaid, is considered to reflect fair value.

Trade & other receivables/ payables

The nominal amount of all trade receivables/trade & other payables after provision for impairment is deemed to reflect fair value at the balance sheet date.

Interest bearing loans & borrowings

The fair value of all interest-bearing loans & borrowings has been calculated by discounting all future cash flows to their present value using a market rate reflecting the Group's cost of borrowing at the balance sheet date (Level 2).

Derivative contracts

Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation

techniques. Such valuation techniques maximise the use of observable market data, where available, and rely as little as possible on the Group's estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted as relevant. (Level 2).

11. Retirement benefits

As disclosed in the Annual Report for the year ended 28 February 2022, the Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

There are no active members remaining in the Group's executive defined benefit pension scheme (31 August 2021: no active members) while there are 48 active members (31 August 2021: 52 active members), representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme and 2 active members in the NI defined benefit pension scheme (31 August 2021: 2 active members).

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2022 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities.

The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:

	Period ended 31 August 2022	Period ended 31 August 2021	Year ended 28 February 2022
	€m	€m	€m
Retirement benefit deficit at beginning of period (ROI schemes)	-	(5.5)	(5.5)
Retirement benefit surplus at beginning of period (ROI schemes)	31.1	5.1	5.1
Retirement benefit surplus at beginning of period (NI scheme)	6.5	5.3	5.3
Current service cost	(0.3)	(0.4)	(0.7)
Net interest cost on scheme liabilities/assets	0.4	0.1	-
Experience gains and losses on scheme liabilities	(1.3)	11.2	12.2
Effect of changes in financial assumptions	28.9	(12.3)	6.2
Effect of changes in demographic assumptions	-	-	3.1
Actual return less Interest income on scheme assets	(20.1)	15.0	11.3
Employer contributions	-	0.2	0.4
Translation adjustment	(0.2)	0.1	0.2
Net pension surplus before deferred tax	45.0	18.8	37.6
Retirement benefit surplus at end of period (ROI schemes)	40.0	12.9	31.1
Retirement benefit surplus at end of period (NI scheme)	5.0	5.9	6.5
Related deferred income tax liability	(6.7)	(3.7)	(6.1)
Net pension surplus	38.3	15.1	31.5

The increase in the net surplus of the Group's defined benefit pension schemes from the 28 February 2022 to the 31 August 2022, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to an decrease in liabilities due to a significant increase in bond yields (discount rates) over the six-month period, which also offsets asset value decreases.

The discount rate assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes are as follows:

	Period ended 31 August 2022		Period ended 31 August 2021		Year ended 28 February 2022	
	ROI	NI	ROI	NI	ROI	NI
Discount rate	3.45%- 3.55%	4.30%	1.05%- 1.25%	1.70%	1.80%- 2.00%	2.60%

12. Other reserves

Share capital

The movement in the prior financial period relates to the completion of the Rights Issue which the Group announced on the 26 May 2021. The Group issued 81,287,315 New Ordinary Shares at 186 pence per New Ordinary Share, which was completed in June 2021 raising gross proceeds of £151m (€176m). This led to an increase in the Group's share capital of €0.8m.

Share premium

The movement in the prior financial period also primarily relates to the completion of the Rights Issue. This led to an increase in the Group's share premium of €175.5m. Also during the prior financial period there was the exercise of share options equating to €0.4m (28 February 2022: €0.4m).

13. Dividend

No final dividend was paid with respect to FY2022 (FY2021: €nil) and no interim dividend is being declared with respect to FY2023 (FY2022: €nil).

14. Related parties

The principal related party relationships requiring disclosure under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiary undertakings and equity accounted investments, transactions entered into by the Group with these subsidiary undertakings and equity accounted investments and the identification and compensation of, and transactions with, key management personnel.

Transactions

Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Subsidiary undertakings

The Condensed Consolidated Interim Financial Statements include the financial statements of the Company and its subsidiaries. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the Condensed Consolidated Interim Financial Statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its Executive and Non-Executive Directors. Executive Directors participate in the Group's equity share award schemes and are covered for death in service by an insurance policy. Executive Directors may also benefit from medical insurance under a Group policy (or the Group offers a cash alternative). No other non-cash benefits are provided. Non-Executive Directors do not receive share-based payments nor post-employment benefits.

Compensation with respect to key management personnel included in the Income Statement was €2.0m for the six months ended 31 August 2022 (31 August 2021: €2.1m) of which €1.0m pertains to non share-based payment compensation and €1.0m is with respect to share-based payment compensation (31 August 2021: €1.3m pertains to non share-based payment compensation and €0.8m with respect to share-based compensation).

Equity accounted investments

In FY2022, the Group announced the sale of its joint venture investment in Admiral Taverns, to Proprium Capital Partners, for a total consideration of €65.8m (£55.0m) and it was classified as an asset held for sale. The Group continued to equity account for this investment up until this date. The sale of the shares will be completed, and the consideration will be paid in three tranches during FY2023 – with the first two tranches completed in the current financial period.

Other

Loans extended by the Group to equity accounted investments are considered trading in nature and are included within advances to customers in Trade & other receivables.

All outstanding trading balances with equity accounted investments, which arose from arm's length transactions,

are to be settled in cash within 60 days of the reporting date.

Details of transactions with equity accounted investments during the period and related outstanding balances at the period end are as follows:

	Joint ventures		Associates	
	31	31	31	31
	August	August	August	August
	2022	2021	2022	2021
	€m	€m	€m	€m
Net revenue	0.2	0.5	0.2	0.2
Trade & other receivables	0.5	0.4	0.1	-
Purchases	0.3	0.4	0.3	0.3
Trade & other payables	-	0.1	0.1	-
Loans	1.4	1.5	0.8	0.9

There have been no other related party transactions that could have a material impact on the financial position or performance of the Group for the first six months of the financial year.

15. Events after the balance sheet date

The Group entered into a EURIBOR interest rate hedge to the value of €60m in September 2022 to hedge against the future risk from fluctuating interest rates.

There were no other material events subsequent to the balance sheet date of 31 August 2022 which would require disclosure in this report.

16. Board approval

The Board approved the financial report for the six months ended 31 August 2022 on 27 October 2022.

17. Distribution of interim report

This report, and further information on C&C, is available on the Group's website (<http://www.candcgroupplc.com>).

Supplementary financial information

Alternative performance measures

The Directors have adopted various alternative performance measures ('APMs') to provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The alternative performance measures are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The key APMs of the Group are set out below:

- **Operating profit/(loss) before exceptional items:** Operating profit/(loss) for the period as adjusted for exceptional items.
- **Adjusted EBITDA or EBITDA:** Adjusted EBITDA or EBITDA is earnings/(loss) before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' (loss)/profit after tax.
- **Constant currency:** Prior period revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by restating the prior period at current period effective rates. Refer to pages 12-13 for constant currency table.
- **Exceptional items:** Significant items of income and expense within the Group results for the period which by virtue of their scale and nature are disclosed in the Income Statement and related notes as exceptional items.
- **Free Cash flow:** Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €109.7m (28 February 2022: €84.1m or €82.0m on a constant current basis; 31 August 2021: €115.6m or €115.4m on a constant currency basis) to cash in the period (this represents a cash inflow of €27.7m on a constant currency basis in the six-month period to 31 August 2022). A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 11.
- **Interest cover:** Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding IFRS 16 Leases finance charges, issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, for the same period
- **Net debt:** Net debt comprises borrowings (net of issue costs) less cash plus lease liabilities capitalised under IFRS 16 Leases. Refer to Note 9 of the Condensed Consolidated Interim Financial Statements.
- **Net revenue:** Net revenue is defined by the Group as revenue less excise duty. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid and subsequently sold, the duty element is not included in the duty line but within the cost of goods sold. Net revenue therefore excludes duty relating to the brewing and packaging of certain products. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer.
- **Operating margin:** Operating margin is based on operating profit/(loss) before exceptional items and is calculated as a percentage of net revenue. Refer to the operating review for operating margin calculations.