

Britvic plc Interim Results – 15 May 2024

For the six months ended 31 March 2024

‘An excellent first half of the year, confident of continued sustainable growth’

Group Financial Headlines:

- Revenue increased 11.2%¹ to £880.3m (reported increased 10.9%)
- Adjusted EBIT increased 17.7%¹ to £100.4m (Actual Exchange Rate (AER) increased 17.7%), reported EBIT increased 15.2%¹
- Adjusted EBIT margin increased 60bps¹ to 11.4% (reported increased 70bps)
- Profit after tax increased 10.1%¹ to £59.9m
- Adjusted earnings per share of 27.0p, up 18.5%
- Interim dividend of 9.5p, up 15.9%
- Adjusted net debt/EBITDA of 2.3x, up 0.1x due to Brazil acquisition
- Third share buyback programme announced today, of up to £75m executed over the next 12 months

Highlights:

- Strong consumer demand for our brands with H1 volume +4.4%
- Robust growth with all three business units achieving revenue, contribution and margin expansion
- Standout growth from Pepsi MAX, Ballygowan, MiWadi, Fruit Shoot and Lipton
- Brazil revenue +34.7%, driven by both core portfolio and recently integrated energy acquisition
- New growth spaces revenue increased +63.5%, led by outstanding Plenish performance

	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	% change actual exchange rate (reported)	Underlying % change constant exchange rate ¹
Revenue	880.3	794.0	10.9%	11.2%
Adjusted EBIT	100.4	85.3	17.7%	17.7%
Adjusted EBIT margin	11.4%	10.7%	70bps	60bps
Reported EBIT	93.1	80.7	15.3%	15.2%
Reported EBIT margin	10.6%	10.2%	40bps	40bps
Profit after tax	59.9	54.4	10.1%	10.1%
Basic EPS	24.1p	21.0p	14.8%	
Adjusted EPS	27.0p	22.8p	18.5%	
Interim dividend per share	9.5p	8.2p	15.9%	
Adjusted net debt/EBITDA	2.3x	2.2x	(0.1)x	

See glossary on page 14 for definitions of performance measures and Appendix 1 for reconciliations of non-GAAP measures

¹ Adjusted for constant currency exchange rates

Simon Litherland, Chief Executive Officer commented:

“I am delighted with our excellent first half performance. Revenue growth of 11.2%, underpinned by volume growth of 4.4%, has translated into adjusted EBIT growth of 17.7% and earnings per share growth of 18.5%. We are also announcing our third share buyback of £75m over the next 12 months, reflecting our strong earnings, free cashflow generation, and positive outlook.

As expected, our market-leading growth comes from the combination of another strong performance from our scale family favourite brands, coupled with accelerated growth in Brazil and across multiple new growth spaces, such as London Essence, Aqua Libra and Plenish. We have increased the investment behind our brands by over 38% in the period.

Looking forward, I am confident that we will deliver a strong full year performance. In the medium term, I firmly believe the continued execution of our strategy and growth drivers will allow us to sustainably outperform both the market and our historical top-line growth rate, leaving the company poised to continue our long-standing track record of delivering outstanding returns for our shareholders.”

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There will be a webcast of the presentation given today at 09:00am by Simon Litherland (Chief Executive Officer) and Rebecca Napier (Chief Financial Officer). The webcast will be available at www.britvic.com/investors with a transcript available in due course. To ask a question on the webcast, please dial +44 (0) 808 109 0700 or +44 (0) 33 0551 0200 and quote Britvic Interim Results when prompted by the operator.

Next scheduled announcement

Britvic will publish its Q3 trading statement on 25 July 2024.

Note to editors

About Britvic

Britvic is an international soft drinks business rich in history and heritage. Founded in England in the 1930s, it has grown into a global organisation with 39 much-loved brands sold in over 100 countries.

The company combines its own leading brand portfolio including Fruit Shoot, Robinsons, Tango, J2O, London Essence, Teisseire, Plenish, Jimmy’s Iced Coffee and MiWadi with PepsiCo brands such as Pepsi, 7UP and Lipton Ice Tea which Britvic produces and sells in Great Britain and Ireland under exclusive PepsiCo agreements.

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

Britvic is listed on the London Stock Exchange under the code BVIC and is a constituent of the FTSE 250 index.

Find out more at Britvic.com

Cautionary note regarding forward-looking statements

This announcement includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published. This announcement contains inside information related to a share buyback programme. The person responsible for making this announcement is Mollie Stoker, Company Secretary.

Alternative performance measures

The annual financial statements of the Group are prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS). The condensed set of financial statements included in this interim results announcement has been prepared in accordance with UK-adopted IAS 34 'Interim Financial Reporting'. We use certain non-IFRS alternative performance measures to provide additional information about the Group's performance. Non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS and are also used internally to measure and manage the business. Non-IFRS measures are defined in the glossary on page 14 and reconciled to the nearest IFRS measure in Appendix 1.

Market data

GB, ROI and French take-home market data referred to in this announcement is supplied by Nielsen and runs to 30 March 2024.

Chief Executive Officer's Review

Today, we report an excellent performance for the six months to 31 March 2024. It is gratifying to see the careful planning, targeted investment, considered decision-making and sheer hard work of the whole Britvic team over the last few years all starting to shine through in material outperformance and tangible progress against our strategic priorities. After two years of elevated cost pressure across the business, inflation has begun to ease this year. Throughout this time, soft drinks and in particular, Britvic's broad range of much-loved brands, has continued to offer consumers great products at affordable value.

I am delighted to share that we have achieved robust volume growth this half. In the first quarter, our volume increased by 1.7%, and in the second quarter it accelerated to an impressive 7.4%, resulting in a first-half volume growth of 4.4%. When coupled with positive price/mix, this has led to revenue and adjusted EBIT significantly ahead of last year, growing +11.2% (+10.9% on a reported basis) and +17.7% (AER +17.7%) respectively, on a constant currency basis. Alongside these excellent results, we have stepped up our investment in the business, with a 38.9% increase in A&P spend.

In our 2023 preliminary results and strategy presentation, we shared a framework of where we believe our future growth will come from. The particular opportunities we highlighted were:

- Outperforming the market with our broad portfolio of family favourite brands
- Double-digit growth in Brazil
- Strong double-digit growth in new growth spaces such as Plenish, Aqua Libra and London Essence
- Underpinned by underlying category volume growth and price/mix

In the first half, we have made excellent progress against these opportunities, with revenues growing across our portfolio of family favourite brands by +7.0%, Brazil by +34.7% and new growth spaces by +63.5%.

A growth strategy

With a portfolio of market-leading brands, multi-channel routes to market, collaborative customer relationships and a well-invested supply chain, we set out our strategic framework as follows:

Our future focus remains on four key strategic priorities:

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

Each of our markets has a defined role to play:

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

Underpinning this strategy are three critical enablers:

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

Market review

Great Britain

In GB, we have delivered a strong performance, with volume increasing by 2.6% and revenue by 8.8%, and importantly revenue growing in both retail (+9.6%) and hospitality (+5.6%).

Last year, we installed another can line to meet the expanding demand for family favourite brands such as Tango and Pepsi MAX, and to enable us to launch a can format for Lipton Ice Tea. Pepsi MAX has continued to lead the cola category growth through both the core MAX proposition and our range of appealing flavours. This spring featured the unmissable global brand refresh of Pepsi, supported by a significant increase in investment. The refresh was supported in GB by a nationwide 360 degree marketing campaign, including billboards, digital takeovers, in-store activation, a new bold TV advertisement and engaging social media content. Launching a can format for Lipton Ice Tea has accelerated the brand's progress this year, with substantial volume growth underpinning a 27.6% increase in revenue.

Fruit Shoot has also delivered excellent revenue growth, through compelling consumer marketing activation at key events such as Christmas and Halloween, including a partnership with Great Ormond Street Hospital. We have also executed a digital engagement programme which encourages children to be active and engaged in the things they enjoy.

In our new growth spaces, London Essence continued to progress in the first half. In the GB hospitality sector, it is the only mixer in growth, and new account wins include the Silverstone racetrack, The Belfry Hotel & Golf Resort and Turtle Bay Restaurants. In the retail channel, we continue to build momentum as the fastest-growing mixer in the category, with Retail Sales Value (RSV) increasing +28% this half. New listings have also increased retail distribution by 36% since September.

Last summer, we acquired Jimmy's Iced Coffee to access the fast-growing ready-to-drink (RTD) iced coffee category. Jimmy's is a great-tasting product with less sugar than the category leaders. We see an excellent opportunity to leverage Britvic's capability to accelerate Jimmy's growth. While we have only owned the business for less than a year, we have already had an impact by securing new listings, launching new pack formats and collaborating with Myprotein to launch a protein-focused variant. We are also working to utilise our supply chain and procurement capabilities to realise cost savings.

Plenish has had a truly outstanding half, with revenue up 168.5%, demonstrating Britvic's acceleration of an already powerful consumer brand. Our product innovation team successfully completed at the start of the year the extremely technically challenging creation of a Barista range of Plenish organic plant-based milks, developing the only range in the UK free from oils and gums, while still offering creaminess, foam, and flavour. Our whole organic plant-based milk range has strong growth momentum, becoming the number 3 brand, with retail sales value increasing 75% in the most recent market data. The performance of the health shot range, such as ginger and turmeric, has been equally impressive as we have expanded distribution across Grocery, tripling the RSV and leading to the status of number 2 market position and fastest growing brand. Again, we have applied our expertise to support the launch of new variants, such as green juices and a larger pack format for dosing.

Aqua Libra has also delivered excellent growth, with combined revenue from our packaged and tap products increasing 35.3%. Earlier this year, we launched still and sparkling water in cans, complementing the existing infused water range. Taps continue to make excellent progress, expanding distribution across its three different offerings of table bottling for hospitality, still/sparkling/hot taps primarily for workplace, and our innovative flavour tap.

Brazil

In the first half of the year, we delivered an outstanding performance, with revenue growth of 34.7%. Our existing brands have achieved double digit growth across the portfolio, with all of concentrates, ready-to-drink juices, tea, grape and Fruit Shoot performing strongly. A combination of factors underpinned the growth. We have had a real focus on perfect store execution, increasing the merchandising team headcount by 39% this year to ensure we execute great in-store feature and display. We have also focused efforts to win in the stores close to our factories, to optimise supply chain cost to serve and realise margin benefits.

At the start of the financial year, we completed the acquisition of Extra Power and three supporting brands. The acquisition gave us immediate access to the higher-margin energy category and a more significant presence in the centre-west region. The integration was successfully completed earlier this year, and we are already realising the cost synergies and commercial benefits that we anticipated.

A&P spend is a much smaller part of the operating model in Brazil than it is in our European businesses, but we have started to increase investment behind our key brands. Activity has included a "Back to School" campaign for Fruit Shoot, Carnival sponsorship in Rio de Janeiro, music events with Extra Power and building trial and awareness of Natural Tea through targeted activities.

Other International

Performance in Ireland remained robust, with revenue up 8%. Both price realisation and mix offset a modest volume decline in the half. February saw the launch of the Deposit Return Scheme (DRS) for PET bottles and cans, known to the public as Re-turn, in the Republic of Ireland. To date, return rates for the scheme are ahead of where they were for launches in similar-sized European countries. As expected, the launch has had a small impact on volumes, though it is still too early to evaluate the full impact and in other markets this has normalised over time.

At the end of 2023, we completed a supply chain programme to release additional production capacity in the Irish factories, by introducing new work rosters, while simultaneously implementing cost-efficiency savings within the manufacturing and warehouse operations. This has enabled us to successfully reduce the cost and complexity created by introducing DRS. In the second half, we will prepare our PET lines for Tethered Caps, an EU legislation that will be enacted in July 2024, and expand our production capacity for the fast-growing Ballygowan Hint of Fruit flavoured variant.

In France, performance significantly improved in the second quarter. Our branded syrup, Teisseire, has continued to face significant competition from private label alternatives, where retailers have chosen to hold pricing, exacerbating the price gap. A large part of our growth this year has come from manufacturing private label for our retail partners, though this is negative for mix. At the same time, the pure juice category has remained challenging for Pressade. Both Fruit Shoot and Moulin de Valdonne delivered excellent growth in the first half, with volume increasing and strong price/mix, realising double-digit revenue growth. Teisseire will be supported by a strong marketing and promotional activity programme in the second half, including TV, internet, social media and sponsorships, such as the women's Tour de France.

Healthier People, Healthier Planet

Our sustainability strategy, Healthier People, Healthier Planet, is a central and integrated part of our business. We have continued to invest in our team's personal development by launching new online learning tools, while also investing in expanded graduate and apprenticeship schemes across the business to develop the next generation. Our active equity, diversity and inclusion programme continues, ably stewarded by our employee-led network groups. We have huge focus on the wellbeing of our people, with

an innovative example this year being our partnership with award-winning sleep-science experience the Night Club, who will be helping our shift workers across the supply chain to be happier and healthier at home and work. Our teams use an increasing number of volunteering days to support good causes in their local communities.

From a Healthier Planet perspective, we have signed a power purchase agreement (PPA) to deliver clean energy. We can proudly say that 75% of the National Grid electricity used to make our brands in Great Britain comes from the sun, thanks to a vast 160-acre solar farm in Northamptonshire. As mentioned above, in the Republic of Ireland, a deposit return scheme (DRS) was introduced in February. With EU recycling targets at 77% by 2025 and 90% by 2029, the deposit return scheme marks a step change in driving consumer behaviour to boost recycling rates, tackle litter and create a circular economy. Britvic was a founding member and guiding voice in the introduction and administration of the scheme. At our Beckton site, the heat recovery system we announced last year is now fully operational, and we anticipate a 50% reduction in the site's carbon emissions. At our Rugby site, we have invested in new systems for our water processing plant, which means we can treat double the water used each hour and reduce the associated energy consumption by 60%.

Outlook

Britvic is a growing, resilient, well-invested and dynamic business, with much-loved brands and a team of highly engaged and talented people. I am delighted with our first half performance and the brand momentum we are carrying forward into the second half. Trading in April is in line with our expectations, and we have very strong plans for the balance of the year. Across our markets, we have a compelling and wide-ranging programme of consumer engagement and retail activation, including the Champions League final in London, headlining music festival sponsorships, the women's Tour De France, and sponsorship of The Hundred Cricket. Consumers will also start to enjoy new flavours and innovations from their favourite brands.

Notwithstanding economic and political uncertainties, I am confident that, as we head into the critical summer trading period for our European markets, we will deliver a strong full year performance.

Looking to the medium term, we are confident in our strategy and that the accelerators within our growth algorithm will position us to sustainably outperform both the market and our historical top-line growth rate, leaving the company poised to continue our long-standing track record of delivering market-beating returns for our shareholders.

Financial Review

Overview

We have delivered a strong start to the year, with revenue, adjusted EBIT margin, and adjusted EBIT ahead of last year. Group revenue increased 11.2% year-on-year on a constant currency basis (reported +10.9%), including a sequential improvement, with quarter one revenue increasing 8.1% and second quarter revenue increasing 14.5% on last year. Similarly, volume in quarter one increased 1.7%, and 7.4% in quarter two. Profit after tax increased 10.1% to £59.9m.

We have successfully executed pricing plans in each of our markets in the first half, through a combination of base price, pack mix and promotional optimisation.

Adjusted EBIT, on a constant currency basis, increased 17.7% (AER +17.7%) to £100.4m, resulting in an adjusted EBIT margin of 11.4%, a 60bps improvement on last year (AER +70bps). The increase in adjusted EBIT margin was achieved while A&P increased by over 38% on last year. Adjusted EPS increased 18.5% year-on-year. The interim dividend equates to 9.5p per share, a year-on-year increase of 15.9%, reflecting multiple factors including the accelerated profit delivery in the first half. We remain committed to a 50% dividend pay-out policy.

In the first half we have maintained debt leverage broadly flat on last year, while completing the acquisition of Extra Power in Brazil. In addition, we have paid dividends of £55.8m and completed the share buyback programme we announced last May, with £37.6m repurchased this financial year. Our confidence in the prospects of the business and cash generation has resulted in the Board's decision to confirm a further share buyback programme of £75m over the next 12 months, subject to market conditions and other uses of capital.

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

<u>GB</u>	6 months ended	6 months ended	% change
	31 March 2024	31 March 2023	actual
			exchange rate
Volume (million litres)	841.9	820.7	2.6%
ARP per litre	70.3p	66.3p	6.0%
Revenue (£m)	592.2	544.2	8.8%
Brand contribution (£m)	248.0	218.6	13.4%
Brand contribution margin	41.9%	40.2%	170bps

See glossary on page 14 for definitions of performance measures.

In GB, we have delivered strong revenue growth, 8.8% ahead of last year, with both the retail and hospitality channels generating revenue growth. Volume grew 2.6%, with 5.0% growth in the second quarter. Average Realised Price (ARP) growth of 6.0% was driven through a combination of improved mix, price realisation and optimising promotional activity. Pepsi was a key driver of growth, with revenue increasing 8.5%, benefiting from the brand refresh investment in March and growth in cans, enabled by additional capacity to meet growing consumer demand. Other growth highlights include Tango, J2O, Fruit Shoot and Lipton. Robinsons performance was stable compared to last year, while Rockstar continued to be challenging. We continued to focus on new growth spaces: Plenish and Aqua Libra generated growth of 169% and 34%

respectively and we also benefited from the inclusion of Jimmy's Iced coffee, which was acquired last summer.

Brazil

	6 months ended 31 March 2024	6 months ended 31 March 2023	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	175.3	143.4	22.3%	22.3%
ARP per litre	58.2p	52.8p	10.2%	10.2%
Revenue (£m)	102.0	75.7	34.7%	34.7%
Brand contribution (£m)	27.3	18.2	50.0%	50.0%
Brand contribution margin	26.8%	24.0%	280bps	280bps

In Brazil, revenue increased 34.7%, with volume up 22.3%, benefiting from strong growth in the existing brands as well as the acquisition of Extra Power last October. Growth was achieved across the portfolio, with concentrates and Fruit Shoot particularly strong, increasing revenue by 22.3% and 39.5% respectively. The acquisition is now fully integrated and realising both cost synergies and commercial benefits. This strong performance translated into combined brand contribution increasing 50.0% and margins expanding by 280bps to 26.8%, inclusive of the acquisition.

Other International

	6 months ended 31 March 2024	6 months ended 31 March 2023	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	187.5	190.0	(1.3)%	(1.3)%
ARP per litre	99.2p	91.6p	8.3%	9.6%
Revenue (£m)	186.1	174.1	6.9%	8.2%
Brand contribution (£m)	47.0	42.7	10.1%	11.4%
Brand contribution margin	25.3%	24.5%	80bps	80bps

Note: Other International consists of France, Ireland and other international markets. Concentrate sales are included in both revenue and ARP but do not have any associated volume.

In Other International, volume declined 1.3%, revenue increased 8.2%, and brand contribution increased 11.4%. In Ireland, the deposit return scheme launch in February resulted in second quarter volume decline, as we anticipated, as retailers de-stocked ahead of the launch. We are pleased with our brand performance, in particular Pepsi grew volume and revenue, benefiting from the brand refresh. Likewise, Ballygowan and MiWadi delivered a strong first half performance.

In France, Teisseire continued to be adversely impacted by price competition from private label. The brand decline was partly offset by supply of retailer own-brand syrups. Similarly, Pressade performance was challenging. Both Fruit Shoot and Moulin De Valdonne had a strong first half, with revenue increasing 21.1% and 23.4% respectively.

In our wider international markets, Mathieu Teisseire had a very strong first half, with revenue increasing 70.8%.

<u>Fixed costs – pre-adjusting items</u>	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Non-brand A&P	(5.6)	(6.0)	6.7%	6.7%
Fixed supply chain	(81.1)	(70.2)	(15.5)%	(15.9)%
Selling costs	(50.6)	(45.3)	(11.7)%	(12.2)%
Overheads and other	(84.6)	(72.8)	(16.2)%	(16.5)%
Total	(221.9)	(194.3)	(14.2)%	(14.6)%
<i>Total A&P investment</i>	<i>(30.2)</i>	<i>(21.8)</i>	<i>(38.5)%</i>	<i>(38.9)%</i>
<i>A&P as a % of own brand revenue</i>	<i>3.4%</i>	<i>2.7%</i>		

Overall, our fixed cost base increased 14.6% on a like-for-like basis. Total A&P was £8.4m higher than last year, an increase of 38.9%. During the period we increased production capacity, adding a new can line in GB and additional capacity in Brazil. We invested in additional resource for the field sales team to support our channel growth strategy. Our people costs have also increased, reflecting both changes to headcount and salary investment to retain and recruit the best talent. We adopted a tiered approach to ensure those on lower salaries received a higher percentage salary increase, in recognition of the increased cost of living.

Finance costs

The net finance charge for the period ended 31 March 2024 was £14.9m, compared with £11.4m in the comparative period, primarily due to the higher cost of borrowing on floating rate debt and a higher level of net debt, following recent acquisitions.

Adjusting items – pre-tax

In the period, the Group incurred, and has separately disclosed, a net charge of £7.8m (6 months ended 31 March 2023: £4.6m) of pre-tax adjusting items. Adjusting items comprised:

- strategic restructuring and M&A costs of £3.9m including costs related to Norwich, strategic reviews and strategic M&A costs in relation to the acquisition in Brazil,
- Ireland Deposit Return Scheme set up costs of £1.2m,
- Ballygowan trademark impairment reversal credit of £3.6m,
- finance costs arising from the unwind of discount on deferred consideration for Brazil acquisition, and
- recurring acquisition-related amortisation of £5.8m.

Taxation

The adjusted tax charge for the period was £19.0m (6 months ended 31 March 2023: £15.0m), which equates to an adjusted effective tax rate of 23.7% (6 months ended 31 March 2023: 21.5%). This increase in the effective tax rate is mainly due to the increase in the UK tax rate to 25%. The reported net tax charge was £18.3m (6 months ended 31 March 2023: £14.9m), which equates to an effective tax rate of 23.4% (6 months ended 31 March 2023: 21.5%).

Earnings per share (EPS)

Adjusted basic EPS for the period was 27.0 pence, an increase of 18.5% (at actual exchange rates) on the prior year, due to higher operating profits in the half and the impact of a lower number of shares in issue because of the share buyback. Adjusted diluted EPS improved 18.6%. Basic EPS for the period was 24.1 pence, an increase of 14.8% on last year. Diluted EPS for the period was 23.9 pence, an increase of 14.4% on the same period last year.

Dividends

The Board is proposing an interim dividend of 9.5p per share, with a total value of £23.6m. The interim dividend for 2024 will be paid on 5 July 2024 to shareholders on record as of 31 May 2024. The ex-dividend date is 30 May 2024.

Share buyback programme

On 24 May 2023, the Company commenced a share buyback programme (the Programme) to repurchase ordinary shares with a market value of up to £75.0m. The purpose of the Programme was to reduce the Company's share capital and therefore the shares purchased pursuant to the Programme were subsequently cancelled.

During the six months ended 31 March 2024, the Company completed the Programme, purchasing 4,478,603 ordinary shares at an average price of 838.9p per share and an aggregate cost of £37.8m, including £0.2m of transaction costs. In aggregate under the Programme, 8,806,567 shares were repurchased at an average price of 851.7p and at a total cost of £75.0m, including £0.5m of transaction costs.

Free cash flow

Free cash flow (defined as cash generated from operating activities, plus proceeds from sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities) was an outflow of £27.9m, compared with an outflow of £9.0m in the 6 months ended 31 March 2023.

Cash generated from operating activities before changes in working capital and income tax paid was £129.1m compared with £110.6m in the comparative period, reflecting an improved operating performance and continued disciplined cash management during the half year.

This half year there was a working capital outflow of £92.6m (6 months ended 31 March 2023: £65.3m outflow), comprising an outflow from increases in inventory of £5.5m (6 months ended 31 March 2023: £48.8m outflow), an outflow from increases in trade and other receivables of £15.1m (6 months ended 31 March 2023: £43.2m inflow), an outflow from decreases in trade and other payables of £71.5m (6 months ended 31 March 2023: £58.9m outflow) and an outflow from decreases in provisions of £0.5m (6 months ended 31 March 2023: £0.8m outflow).

Net income taxes paid were £11.7m (6 months ended 31 March 2023: £9.6m).

Cash capital expenditure increased slightly from £29.4m during the 6 months ended 31 March 2023 to £32.9m for the current half year, reflecting our continued investment. Lease payments decreased from £6.0m to £5.1m.

Treasury management

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

In February 2024, private placement notes with principal amounts of US\$39.0m and £15.0m reached maturity, resulting in a cash outflow of £39.2m, net of the impact of derivatives.

In March 2024, the Group issued £150.0m of new private placement notes, which have maturities ranging from 5 to 10 years and bear interest at fixed rates.

On 31 March 2024, the Group had £1,042.1m of committed debt facilities, consisting of a £400.0m bank facility and a series of private placement notes, with maturities between February 2025 and May 2035. £56.2m was drawn under the bank facility at 31 March 2024. £366.7m of the bank facility matures in February 2027 and the remaining £33.3m will mature in February 2025. The next maturity for the company's private placement notes is in February 2025, when notes with outstanding principal amounts of £35.0m will be due for repayment.

On 31 March 2024, the Group's adjusted net debt, including the impact of interest rate currency swaps hedging the balance sheet value of the private placement notes, was £694.0m, which compares with £538.1m at 30 September 2023. The increase in net debt reflects the seasonality of the business, where profits and operating cash flow are higher in the second half of the year, and that during the first half of the year the Group paid £24.1m in relation to the acquisition in Brazil, paid dividends of £55.8m and purchased own shares of £52.7m.

Excluding derivative hedges, adjusted net debt was £706.8m, comprising £654.9m of private placement notes, £56.2m of borrowings under the bank facility, £4.8m of accrued interest, offset by net cash, deposits and overdrafts of £6.7m and unamortised debt issue costs of £2.4m. Adjusted net debt to EBITDA leverage at 31 March 2024 was 2.3x, slightly up on the leverage of 2.2x at 31 March 2023.

Acquisitions

At the start of the half year, the Group completed an acquisition in Brazil, which includes the Extra Power and Flying Horse energy drink brands, juice brand Juxx and acai smoothie brand Amazoo. The consideration for the acquisition includes initial cash consideration of £24.1m (net of derivatives hedging the acquisition) as well as deferred and contingent consideration, as set out further in Note 19 to the financial statements.

Pensions

At 31 March 2024, Britvic plc had IAS 19 defined benefit pension surpluses in GB and ROI totalling £61.9m and an IAS 19 pension deficit in France of £1.6m (30 September 2023: pension surpluses in GB, ROI and NI of £74.0m and a pension deficits in France of £1.4m). The decrease in the net pension assets is primarily attributable to a net remeasurement loss of £19.2m, of which £12.5m relates to the GB scheme and £6.4m relates to a change in the asset ceiling for the NI scheme that resulted in the derecognition of its net surplus.

The net income for defined benefit schemes recognised in the income statement for the 6 months ended 31 March 2024 was £1.6m (6 months ended 31 March 2023: net income of £3.2m).

The defined benefit section of the GB plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme was closed to new members on 28 February 2006 and future accrual from 31 December 2018, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan. Contributions are paid into the defined benefit section of the GB plan as determined by the trustee, agreed by the company and certified by an independent actuary in the schedule of contributions. No further deficit funding payments are due to be paid except for the £5.0m annual partnership payment which will continue until 2025.

Risk management process

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

Risks are monitored throughout the year with consideration given to internal and external factors and the Group's risk appetite. We continue to further refine and embed our risk management approach across the breadth of the organisation, focussing on driving the effectiveness of the risk management framework across the organisation. Updates to risks and mitigation plans are managed agilely, with changes made as required. In response to the volatile and uncertain external environment, the risk team has continued to support each of our markets and functions in identifying and managing existing and emerging risks to the organisation.

The principal risks and uncertainties facing the Group are set out on pages 75 to 80 of the Britvic Annual Report and Accounts 2023. These principal risks and uncertainties include: consumer preference, health concerns, retailer landscape and customer relationships, supply chain, sustainability and environment, market, quality of our products and the health and safety of our people, legal and regulatory, technology and information security, treasury, tax and pensions, and talent.

The nature and potential impact of the principal risks and uncertainties facing Britvic did not change in the six months ended 31 March 2024 and are not expected to change during the second half of the financial year.

Glossary

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

Acquisition-related amortisation is the amortisation of intangibles recognised as part of a business combination.

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

Adjusted effective tax rate is a non-GAAP measure and is defined as the income tax charge(credit), excluding the tax effect of Adjusting items, as a proportion of the Adjusted profit before tax.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items.

Adjusted EBIT margin is a non-GAAP measure and is defined as Adjusted EBIT as a proportion of Revenue.

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

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

Adjusted net debt/EBITDA is a non-GAAP measure and is defined as the ratio of Adjusted net debt to Adjusted EBITDA (calculated for the preceding 12 months).

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

Adjusting items are those items of income and expense set out in Appendix 1 that have been identified because of their size, frequency and nature to provide shareholders with management's view of the underlying financial performance in the period.

AER are changes in measures at actual exchange rates.

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

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

Brand contribution is a non-GAAP measure and is defined as revenue, less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. Brand contribution is reconciled to profit before tax in note 6 of the interim financial statements.

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

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

EPS is Earnings Per Share.

FMCG is Fast Moving Consumer Goods.

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

GB is Great Britain.

GCB GlobalBev Comércio de Bebidas Ltda

Group is Britvic plc, together with its subsidiaries.

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

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

M&A is mergers and acquisitions.

Net debt is the sum of interest-bearing loans and borrowings, overdrafts and cash and cash equivalents.

NI is Northern Ireland.

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

Operating profit margin is operating profit as a proportion of revenue, both as reported in the consolidated income statement.

PET is polyethylene terephthalate plastic.

RCF is revolving credit facility.

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

ROI is Republic of Ireland.

rPET is recycled polyethylene terephthalate plastic.

RTD is ready-to-drink.

RSV is Retail Sales Value

Volume is defined as number of litres sold. No volume is recorded in respect of international concentrate sales or Brazil fruit pulp sales.

BRITVIC PLC

RESPONSIBILITY AND CAUTIONARY STATEMENTS

Company number: 5604923

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge, this unaudited condensed set of consolidated interim financial statements has been prepared in accordance with United Kingdom adopted International Accounting Standard 34 'Interim Financial Reporting' and that the interim management report herein includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

CAUTIONARY STATEMENT

This report is addressed to the shareholders of Britvic plc and has been prepared solely to provide information to them.

This report is intended to inform the shareholders of the Group's performance during the six months to 31 March 2024. This report contains forward-looking statements made in good faith based on knowledge and information available to the Directors at the date the report was prepared. These statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information and any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

DIRECTORS

The Directors of Britvic plc are:

Ian Durant
Simon Litherland
Rebecca Napier
William Eccleshare
Emer Finnan
Georgina Harvey
Hounaïda Lasry
Romeo Lacerda

By order of the Board,

Simon Litherland
Chief Executive Officer
Date: 14 May 2024

Rebecca Napier
Chief Financial Officer
Date: 14 May 2024

INDEPENDENT REVIEW REPORT TO BRITVIC PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows, and related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

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

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

Conclusion Relating to Going Concern

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

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

Responsibilities of the Directors

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

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

Auditor's Responsibilities for the review of the financial information

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

Use of our report

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

Deloitte LLP
Statutory Auditor
London
14 May 2024

BRITVIC PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 6 months ended 31 March 2024

	Note	6 months ended 31 March 2024 (unaudited) £m	6 months ended 31 March 2023 (unaudited) £m	12 months ended 30 September 2023 (audited) £m
Revenue	6	880.3	794.0	1,748.6
Cost of sales		(515.9)	(487.5)	(1,049.1)
Gross profit		364.4	306.5	699.5
Selling and distribution expenses		(149.2)	(126.6)	(271.1)
Administration expenses		(122.1)	(99.2)	(246.9)
Operating profit		93.1	80.7	181.5
Finance income		2.0	0.4	1.1
Finance costs		(16.9)	(11.8)	(25.8)
Profit before tax		78.2	69.3	156.8
Income tax expense	7	(18.3)	(14.9)	(32.8)
Profit for the period attributable to the equity shareholders		59.9	54.4	124.0
Earnings per share				
Basic earnings per share	8	24.1p	21.0p	48.3p
Diluted earnings per share	8	23.9p	20.9p	47.9p

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(EXPENSE)

For the 6 months ended 31 March 2024

	Note	6 months ended 31 March 2024 (unaudited) £m	6 months ended 31 March 2023 (unaudited) £m	12 months ended 30 September 2023 (audited) £m
Profit for the period attributable to the equity shareholders		59.9	54.4	124.0
Items that will not be reclassified to profit or loss				
Remeasurement losses on defined benefit pension schemes	15	(19.2)	(39.0)	(55.5)
Deferred tax on defined benefit pension plans		4.7	9.5	13.4
Deferred tax on other temporary differences		(0.1)	0.1	–
		(14.6)	(29.4)	(42.1)
Items that may be subsequently reclassified to profit or loss				
Losses in the period in respect of cash flow hedges	17	(12.8)	(30.4)	(34.3)
Amounts reclassified to the income statement in respect of cash flow hedges	17	5.4	(6.1)	(4.6)
Current tax in respect of cash flow hedges accounted for in the hedging reserve		–	–	(0.2)
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	17	1.5	7.3	7.3
Exchange differences reclassified to profit or loss on disposal of foreign operations	17	–	(0.3)	(0.3)
Exchange differences on translation of foreign operations	17	(8.5)	(3.9)	(3.4)
Tax on exchange differences accounted for in the translation reserve	17	(0.3)	(0.2)	(0.6)
		(14.7)	(33.6)	(36.1)
Other comprehensive expense for the period, net of tax		(29.3)	(63.0)	(78.2)
Total comprehensive income/(expense) for the period attributable to the equity shareholders		30.6	(8.6)	45.8

BRITVIC PLC

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 March 2024

	Note	31 March 2024 (unaudited) £m	Restated* 31 March 2023 (unaudited) £m	30 September 2023 (audited) £m
Non-current assets				
Property, plant and equipment	9	536.7	516.6	535.3
Right-of-use assets		63.2	63.9	61.1
Goodwill and intangible assets	9	460.7	410.9	434.3
Trade and other receivables		12.8	8.3	8.1
Derivative financial instruments	13	12.7	18.1	16.0
Deferred tax assets		3.7	4.1	4.2
Retirement benefit assets	15	61.9	108.4	74.0
		1,151.7	1,130.3	1,133.0
Current assets				
Inventories		214.2	218.8	209.8
Trade and other receivables		434.7	394.7	425.6
Current income tax receivables		3.9	6.7	5.3
Derivative financial instruments	13	4.7	17.6	17.4
Interest-bearing deposits		6.1	6.2	10.9
Cash and cash equivalents		29.8	41.8	79.2
		693.4	685.8	748.2
Assets held for sale	18	16.8	16.8	16.8
		710.2	702.6	765.0
Total assets		1,861.9	1,832.9	1,898.0
Current liabilities				
Trade and other payables		(468.9)	(473.1)	(533.6)
Commercial rebate liabilities		(109.8)	(111.3)	(123.3)
Lease liabilities		(8.4)	(7.5)	(7.5)
Interest-bearing loans and borrowings	10	(39.6)	(50.4)	(50.9)
Derivative financial instruments	13	(7.2)	(8.6)	(8.3)
Current income tax liabilities		-	-	(0.1)
Overdrafts		(29.2)	(23.0)	(48.9)
Provisions		(0.5)	(0.9)	(0.7)
Other current liabilities		(21.7)	(5.6)	(8.4)
		(685.3)	(680.4)	(781.7)
Non-current liabilities				
Lease liabilities		(61.3)	(61.9)	(59.8)
Interest-bearing loans and borrowings	10	(673.9)	(589.6)	(551.0)
Deferred tax liabilities		(108.4)	(107.2)	(111.1)
Retirement benefit obligations	15	(1.6)	(1.2)	(1.4)
Derivative financial instruments	13	(0.7)	(1.1)	(0.3)
Provisions		(0.8)	(1.0)	(1.0)
Other non-current liabilities		(9.2)	-	-
		(855.9)	(762.0)	(724.6)
Total liabilities		(1,541.2)	(1,442.4)	(1,506.3)
Net assets		320.7	390.5	391.7
Equity				
Issued share capital	11	49.9	51.7	50.9
Share premium account		157.2	157.2	157.2
Own shares reserve		(29.0)	(16.8)	(21.4)
Other reserves	17	66.4	77.5	78.8
Retained earnings		76.2	120.9	126.2
Total equity		320.7	390.5	391.7

*Comparative figures for interest-bearing deposits and cash and cash equivalents have been restated as set out in note 2 'basis of preparation'.

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 31 March 2024

	Note	6 months ended 31 March 2024 (unaudited) £m	Restated* 6 months ended 31 March 2023 (unaudited) £m	12 months ended 30 September 2023 (audited) £m
Cash flows from operating activities				
Profit before tax		78.2	69.3	156.8
Net finance costs		14.9	11.4	24.7
Other financial instruments		–	(2.9)	(0.6)
Depreciation of property, plant and equipment		23.7	21.7	44.8
Depreciation of right-of-use assets		4.5	5.1	10.1
Amortisation		9.6	8.0	15.6
Loss on disposal of property, plant and equipment and intangible assets		–	1.7	3.2
Reversal of impairment of intangibles		(3.6)	–	–
Impairment of property, plant and equipment		–	–	3.8
Share-based payments charge, net of cash settlements		9.0	5.8	9.3
Net pension charge less contributions		(7.0)	(8.8)	9.4
Net foreign exchange differences		(0.2)	(0.4)	0.1
Exchange differences reclassified to profit or loss from other comprehensive income		–	(0.3)	(0.3)
Increase in inventory		(5.5)	(48.8)	(37.8)
(Increase)/decrease in trade and other receivables		(15.1)	43.2	16.3
(Decrease)/increase in trade and other payables and commercial rebate liabilities		(71.5)	(58.9)	5.8
Decrease in provisions		(0.5)	(0.8)	(0.9)
Income tax paid		(11.7)	(9.6)	(21.9)
Net cash flows from operating activities		24.8	35.7	238.4
Cash flows from investing activities				
Purchases of property, plant and equipment		(30.5)	(25.5)	(69.8)
Government grants towards purchase of equipment		1.1	–	1.3
Purchases of intangible assets		(3.5)	(3.9)	(8.1)
Investments in interest-bearing deposits		(5.1)	(6.2)	(11.2)
Proceeds from interest-bearing deposits		9.9	11.5	11.8
Interest received		0.6	0.3	0.5
Acquisition of subsidiaries, net of cash acquired	19	(24.1)	–	(24.8)
Net cash flows used in investing activities		(51.6)	(23.8)	(100.3)
Cash flows from financing activities				
Interest paid, net of derivative financial instruments		(14.7)	(9.3)	(21.1)
Net movement on revolving credit facility	10	12.0	83.1	45.5
Repayment of other loans		–	–	(1.9)
Payment of principal portion of lease liabilities		(4.2)	(5.0)	(9.0)
Payment of interest portion of lease liabilities		(0.9)	(1.0)	(1.9)
Proceeds from issue of private placement notes	10	150.0	–	–
Repayment of private placement notes, net of derivative financial instruments	10	(39.2)	(27.8)	(27.8)
Other net derivative cashflows		–	–	(0.2)
Proceeds from employee share incentive schemes		2.7	0.9	2.3
Purchase of own shares related to share schemes		(12.1)	(16.7)	(20.3)
Share buyback programme		(40.6)	(38.8)	(73.7)
Dividends paid to equity shareholders	12	(55.8)	(54.6)	(75.5)
Net cash flows from financing activities		(2.8)	(69.2)	(183.6)
Net decrease in cash and cash equivalents		(29.6)	(57.3)	(45.5)
Cash and cash equivalents at the beginning of the period		30.3	76.1	76.1
Net foreign exchange differences on cash and cash equivalents		(0.1)	–	(0.3)
Cash and cash equivalents at the end of the period		0.6	18.8	30.3
Presented in the balance sheet as:				
Cash and cash equivalents		29.8	41.8	79.2
Overdrafts ⁽²⁾		(29.2)	(23.0)	(48.9)
Cash and cash equivalents at the end of the period		0.6	18.8	30.3

⁽¹⁾ Comparative figures for cash and cash equivalents at 31 March 2023 have been restated as set out in note 2 'basis of preparation'.

⁽²⁾ Overdrafts are included in cash and cash equivalents presented in the statement of cash flows as they form an integral part of the Group's cash management.

BRITVIC PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 March 2024

	For the 6 months ended 31 March 2024 (unaudited)								
	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves				Retained earnings £m	Total £m
				Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m		
At 1 October 2023	50.9	157.2	(21.4)	2.7	2.6	(13.8)	87.3	126.2	391.7
Profit for the period	–	–	–	–	–	–	–	59.9	59.9
Other comprehensive expense	–	–	–	–	(5.9)	(8.8)	–	(14.6)	(29.3)
Total comprehensive (expense)/income	–	–	–	–	(5.9)	(8.8)	–	45.3	30.6
Share buyback programme	(1.0)	–	2.7	1.0	–	–	–	(40.5)	(37.8)
Own shares purchased for share schemes	–	–	(22.4)	–	–	–	–	–	(22.4)
Own shares utilised for share schemes	–	–	12.1	–	–	–	–	(12.1)	–
Proceeds from share schemes	–	–	–	–	–	–	–	2.7	2.7
Movement in share-based schemes	–	–	–	–	–	–	–	9.0	9.0
Current tax on share-based payments	–	–	–	–	–	–	–	1.0	1.0
Deferred tax on share-based payments	–	–	–	–	–	–	–	0.4	0.4
Transfer of cash flow hedge reserve to inventories	–	–	–	–	1.8	–	–	–	1.8
Transfer of cash flow hedge reserve to goodwill	–	–	–	–	(0.5)	–	–	–	(0.5)
Payment of dividend	–	–	–	–	–	–	–	(55.8)	(55.8)
At 31 March 2024	49.9	157.2	(29.0)	3.7	(2.0)	(22.6)	87.3	76.2	320.7

	For the 6 months ended 31 March 2023 (unaudited)								
	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves				Retained earnings £m	Total £m
				Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m		
At 1 October 2022	52.7	157.2	(7.2)	0.9	27.3	(9.5)	87.3	179.3	488.0
Profit for the period	–	–	–	–	–	–	–	54.4	54.4
Other comprehensive expense	–	–	–	–	(29.2)	(4.4)	–	(29.4)	(63.0)
Total comprehensive (expense)/income	–	–	–	–	(29.2)	(4.4)	–	25.0	(8.6)
Share buyback programme	(1.0)	–	1.1	1.0	–	–	–	(38.7)	(37.6)
Own shares purchased for share schemes	–	–	(16.4)	–	–	–	–	9.8	(6.6)
Own shares utilised for share schemes	–	–	5.7	–	–	–	–	(4.8)	0.9
Movement in share-based schemes	–	–	–	–	–	–	–	4.6	4.6
Current tax on share-based payments	–	–	–	–	–	–	–	0.1	0.1
Deferred tax on share-based payments	–	–	–	–	–	–	–	0.2	0.2
Transfer of cash flow hedge reserve to inventories	–	–	–	–	4.1	–	–	–	4.1
Payment of dividend	–	–	–	–	–	–	–	(54.6)	(54.6)
At 31 March 2023	51.7	157.2	(16.8)	1.9	2.2	(13.9)	87.3	120.9	390.5

BRITVIC PLC

NOTES TO THE FINANCIAL INFORMATION

For the 6 months ended 31 March 2024

1. General information

Britvic plc (the 'Company', together with its subsidiaries, the 'Group') is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public company limited by shares domiciled in England and Wales and its ordinary shares are traded on the London Stock Exchange. The address of the registered office is Britvic plc, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ.

The interim financial statements were authorised for issue by the Board of Directors on 14 May 2024.

2. Basis of preparation

The annual financial statements of the Group will be prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with the United Kingdom adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The interim condensed financial statements comprise the condensed consolidated balance sheet as at 31 March 2024 and the condensed consolidated income statement, condensed consolidated statement of cash flows, condensed consolidated statement of comprehensive income/(expense), condensed consolidated statement of changes in equity and the related notes 1 to 20 for the 6 months then ended of Britvic plc (the 'financial information').

These interim consolidated financial statements do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The statutory accounts for Britvic plc for the year ended 30 September 2023 have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Restatement of interest-bearing deposits and cash and cash equivalents

The Group places surplus cash on deposit with banks to earn a fixed rate of interest over the maturity period. These deposits have historically been presented within cash and cash equivalents. During the prior year the Group reviewed deposit terms and identified that certain deposit balances did not meet the definition of cash and cash equivalents in IAS 7 'Statement of Cash Flows', as the deposits were not held for the purpose of meeting short-term cash commitments and had contractual maturities in excess of three months. The previously reported balance sheet for 31 March 2023 included £6.2m of such deposits in cash and cash equivalents. The balance sheet has therefore been restated to show these interest-bearing deposits separately within current assets. There is no impact to the Group's net debt position. The value of cash and cash equivalents shown in the statement of cash flows at 31 March 2023 has been restated to exclude the £6.2m of deposits held, and new lines for "investments in interest-bearing deposits" and "proceeds from interest bearing deposits" have been included within net cash flows used in investing activities. The review of deposit terms was completed ahead of preparing the Group's financial statements for the year to 30 September 2023, and as such no restatement is required for the consolidated balance sheet or cash flow statement for 30 September 2023.

3. Going concern

The Directors are satisfied that the Group has adequate resources to continue to operate as a going concern for the foreseeable future and that no material uncertainties exist which could cause significant doubt with respect to this assessment. In making this assessment, the Directors have considered the Group's balance sheet position and forecast earnings and cash flows for the period from the date of approval of these financial statements to 30 September 2025. In February 2025 £35m of the Group's private placement notes and £33m of the Group's revolving credit facility mature.

As part of the going concern assessment, volume demand scenarios have been combined with the potential impact of key risks that could reasonably arise in the period. The Group has modelled both a base case scenario and a severe but plausible downside scenario, to assess the extent to which mitigating actions would be required, all of which are within management's control. Mitigating actions can be initiated as they relate to discretionary and investment spend, without significantly impacting the ability to meet demand.

Under all the scenarios modelled, and after taking available mitigating actions, our forecasts did not indicate a covenant breach or any liquidity shortages. On the basis of these reviews, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the interim financial statements.

4. Accounting policies

The accounting policies applied by the Group in these interim financial statements are consistent with those applied by the Group in its financial statements for the year ended 30 September 2023. There were no new amendments, standards or interpretations that had a material effect on the financial position or performance of the Group in the period.

The Group has not identified any changes to critical accounting judgments in applying its accounting policies or to key sources of estimation uncertainty compared with those disclosed in the 2023 Annual Report and Accounts.

5. Seasonality of operations

Due to the seasonal nature of the business, higher operating profits are usually expected in the second half of the year than in the first half.

6. Segmental reporting

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

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

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

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

The 'Other International' subtotal comprising the Ireland, France and International reportable segments has been presented to provide linkage to the Financial Review section of the interim results.

6 months ended 31 March 2024	Other International					Subtotal £m	Total £m
	GB £m	Brazil £m	Ireland £m	France £m	International £m		
Revenue from external customers	592.2	102.0	79.0	82.3	24.8	186.1	880.3
Brand contribution	248.0	27.3	26.6	17.8	2.6	47.0	322.3
Non-brand advertising & promotion ⁽¹⁾							(5.6)
Fixed supply chain ⁽²⁾							(81.1)
Selling costs ⁽²⁾							(50.6)
Overheads and other costs ⁽¹⁾							(84.6)
Adjusted EBIT							100.4
Net finance costs pre-adjusting items							(14.4)
Adjusting items ⁽³⁾							(7.8)
Profit before tax							78.2

6 months ended 31 March 2023	Other International					Subtotal £m	Total £m
	GB £m	Brazil £m	Ireland £m	France £m	International £m		
Revenue from external customers	544.2	75.7	74.0	77.0	23.1	174.1	794.0
Brand contribution	218.6	18.2	22.9	15.1	4.7	42.7	279.5
Non-brand advertising & promotion ⁽¹⁾							(6.0)
Fixed supply chain ⁽²⁾							(70.2)
Selling costs ⁽²⁾							(45.3)
Overheads and other costs ⁽¹⁾							(72.7)
Adjusted EBIT							85.3
Net finance costs pre-adjusting items							(11.4)
Adjusting items ⁽³⁾							(4.6)
Profit before tax							69.3

12 months ended 30 September 2023	Other International					Subtotal £m	Total £m
	GB £m	Brazil £m	Ireland £m	France £m	International £m		
Revenue from external customers	1,187.7	156.2	160.3	185.0	59.4	404.7	1,748.6
Brand contribution	479.6	36.2	52.3	35.7	11.6	99.6	615.4
Non-brand advertising & promotion ⁽¹⁾							(11.8)
Fixed supply chain ⁽²⁾							(145.5)
Selling costs ⁽²⁾							(96.7)
Overheads and other costs ⁽¹⁾							(143.0)
Adjusted EBIT							218.4
Net finance costs pre-adjusting items							(23.2)
Adjusting items ⁽³⁾							(38.4)
Profit before tax							156.8

⁽¹⁾ Included within 'administration expenses' in the condensed consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation, and non-acquisition amortisation.

⁽²⁾ Included within 'selling and distribution expenses' in the condensed consolidated income statement.

⁽³⁾ See appendix 1 for further details on adjusting items.

7. Income tax

The total tax charge for the period is £18.3m (6 months ended 31 March 2023: £14.9m) which equates to an effective tax rate of 23.4% (6 months ended 31 March 2023: 21.5%).

Tax charge by region

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
	£m	£m	£m
UK	17.7	16.0	31.9
Foreign	0.6	(1.1)	0.9
Total tax charge in the condensed consolidated income statement	18.3	14.9	32.8

Analysis of tax charge

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
	£m	£m	£m
Current income tax charge	13.6	13.7	28.6
Deferred income tax charge	4.7	1.2	4.2
Total tax charge in the condensed consolidated income statement	18.3	14.9	32.8

The effective tax rate for the 6 months ended 31 March 2024 has increased compared to the effective tax rate for the 6 months ended 31 March 2023. This is mainly due to the increase in the UK tax rate to 25%.

The deferred tax charge has increased compared to the 6 months ended 31 March 2023. This primarily relates to a decrease in the deferred tax asset on employee incentive plans and an increase in the deferred tax liability on fixed assets as a result of full expensing.

In June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group has applied the exception under the IAS 12 amendment to not recognise or disclose any information about deferred tax assets and liabilities related to top-up income taxes.

8. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issuable in connection with employee share-based payment plans.

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

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
Basic earnings per share			
Profit for the period attributable to the equity shareholders (£m)	59.9	54.4	124.0
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	248.1	258.6	256.9
Basic earnings per share (pence)	24.1p	21.0p	48.3p
Diluted earnings per share			
Profit for the period attributable to the equity shareholders (£m)	59.9	54.4	124.0
Dilutive shares on employee share schemes (millions)	2.0	1.6	1.9
Weighted average number of ordinary shares in issue for diluted earnings per share (millions)	250.1	260.2	258.8
Diluted earnings per share (pence)	23.9p	20.9p	47.9p

9. Property, plant and equipment and intangible assets

Property, plant and equipment

During the 6 months ended 31 March 2024:

- the Group capitalised property, plant and equipment additions at a cost of £24.1m (6 months ended 31 March 2023: £27.5m); and
- there were no disposals of property, plant and equipment (6 months ended 31 March 2023: disposals of £1.7m and loss on disposal of £1.7m).

There were no impairments or reversals of impairments recognised during the 6 months ended 31 March 2024 (6 months ended 31 March 2023: nil).

See note 16 for details of the Group's capital commitments.

Intangible assets

During the 6 months ended 31 March 2024:

- the Group capitalised £3.1m of software additions (6 months ended 31 March 2023: £3.8m);
- recognised goodwill and intangibles of £37.6m upon acquisition in Brazil (see note 19); and
- reversed impairment of £3.6m related to the Ballygowan trademark intangible following strong growth in sales and the successful launch of Ballygowan's Hint of Fruit range in the flavoured water category.

The Group performed its last annual impairment test for goodwill and intangible assets with indefinite lives in September 2023. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the Group's Annual Report and Accounts 2023.

Since the last annual impairment test, management have evaluated whether there are any indicators that the Group's assets may be impaired, or a reversal of impairment may be required. This evaluation included a review of business performance for the 6 months ended 31 March 2024 and latest forecasts for the full year ended 30 September 2024 against the budgets used in the last impairment test. Changes in the applicable discount rates to determine value in use were also considered.

During the 6 months ended 31 March 2024, the performance in Britvic France and Britvic Brazil has strengthened compared to the prior year. In relation to the Plenish intangibles, the Directors do not consider that a reasonable possible change in the assumptions used to calculate recoverable amounts could result in any impairment as the brand performance has also strengthened since prior year. There have been no indicators of impairment and as such no impairment assessment was deemed necessary at the half year, accordingly no impairment disclosures are provided within these interim consolidated accounts.

During the 6 months ended 31 March 2024, £3.6m of impairment from prior years was fully reversed on the Ballygowan brand in Britvic Ireland as a result of strong in year and projected performance of Ballygowan's Hint of Fruit range in the flavoured water category. For the Ballygowan brand where a reversal of impairment has been made during the current period, management have noted no reasonable change to key assumptions would result in a material change to the reversal amount.

10. Interest-bearing loans and borrowings

Components of interest-bearing loans and borrowings:

	31 March 2024	31 March 2023	30 September 2023
	£m	£m	£m
2014 Notes	(59.4)	(107.5)	(108.5)
2017 Notes	(175.0)	(175.0)	(175.0)
2018 Notes	(119.2)	(120.1)	(119.7)
2020 Notes	(151.3)	(152.8)	(151.9)
2024 Notes	(150.0)	–	–
Bank loans	(56.2)	(83.0)	(44.7)
Accrued interest	(4.8)	(3.9)	(4.1)
Unamortised issue costs	2.4	2.3	2.0
Total interest-bearing loans and borrowings	(713.5)	(640.0)	(601.9)
Current	(39.6)	(50.4)	(50.9)
Non-current	(673.9)	(589.6)	(551.0)
Total interest-bearing loans and borrowings	(713.5)	(640.0)	(601.9)

In March 2024, the Group issued US private placement notes with a total sterling value of £150.0m. Maturities range from March 2029 to March 2034 and interest terms are fixed, ranging from 5.29% to 5.41%.

The next maturity for the Group's private placement notes is in February 2025, when 2017 Notes with outstanding principal amounts of £35.0m will be due for repayment. These borrowings are classified as current at 31 March 2024.

At 31 March 2024, the Group had committed borrowing facilities available of £400.0m, of which £343.8m was undrawn. All conditions precedent for these facilities had been met. £33.3m of the borrowing facilities mature in February 2025 with the remaining £366.7m expiring in February 2027.

Analysis of changes in interest-bearing loans and borrowings:

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
	£m	£m	£m
At the beginning of the period	(601.9)	(605.3)	(605.3)
Net movement on revolving credit facility	(12.0)	(83.1)	(45.5)
Other loans acquired	–	–	(1.9)
Other loans repaid	–	–	1.9
Repayment of private placement notes*	45.7	36.6	36.6
Issue of private placement notes	(150.0)	–	–
Issue costs	0.6	–	–
Amortisation of issue costs	(0.2)	(0.3)	(0.6)
Net translation gain and fair value adjustment	5.0	12.5	13.5
Net movement in accrued interest	(0.7)	(0.4)	(0.6)
At the end of the period	(713.5)	(640.0)	(601.9)
Derivatives hedging balance sheet debt**	12.8	21.6	22.6
Debt translated at contracted rate	(700.7)	(618.4)	(579.3)

* During the 6 months ended 31 March 2024, the Group repaid £45.7m of the 2014 private placement notes. £6.5m was also received on maturity of derivatives hedging the 2014 Notes, resulting in net cash outflows presented in the consolidated statement of cash flows of £39.2m. During the 6 months ended 31 March 2023, the Group repaid £36.6m of the 2010 private placement notes. £7.8m was also received on maturity of derivatives hedging the 2010 Notes and £1.0m was received in respect of the firm commitment for the 2010 Notes, resulting in net cash outflows presented in the consolidated statement of cash flows of £27.8m.

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

11. Share capital and own shares reserve

The issued share capital is wholly comprised of ordinary shares carrying one voting right each. The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

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

	6 months ended 31 March 2024 No. of shares	6 months ended 31 March 2023 No. of shares	12 months ended 30 September 2023 No. of shares
At the beginning of the period	254,268,497	263,300,881	263,300,881
Shares cancelled pursuant to share buyback	(4,789,533)	(5,015,350)	(9,032,384)
At the end of the period	249,478,964	258,285,531	254,268,497

	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	12 months ended 30 September 2023 £m
At the beginning of the period	50.9	52.7	52.7
Shares cancelled pursuant to share buyback	(1.0)	(1.0)	(1.8)
At the end of the period	49.9	51.7	50.9

Of the issued and fully paid ordinary shares, 2,169,231 shares (30 September 2023: 2,179,294 shares, 31 March 2023: 1,996,643 shares) are own shares held by an employee benefit trust. This equates to £433,846 (30 September 2023: £435,859, 31 March 2023: £399,329) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the Group's share schemes.

The movements in the Company's own shares reserve are as follows:

	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	12 months ended 30 September 2023 £m
At the beginning of the period	21.4	7.2	7.2
Shares purchased for share schemes	22.4	16.4	20.1
Shares used to satisfy share schemes	(12.1)	(5.7)	(7.6)
Shares purchased pursuant to share buyback	37.6	37.4	74.8
Shares cancelled pursuant to share buyback	(40.3)	(38.5)	(73.1)
At the end of the period	29.0	16.8	21.4

The own shares reserve represents shares in the Company purchased from the market and held by an employee benefit trust to satisfy share awards under the Group's share schemes as well as shares purchased for cancellation as part of the share buyback programme. Shares purchased for cancellation are included in the own shares reserve until cancellation, at which point the consideration paid is transferred to retained earnings and the nominal value of the shares is transferred from share capital to the capital redemption reserve. Own shares held can include equity elements of forward contracts where the Group has an obligation to purchase its own shares.

Share buyback programme

On 24 May 2023, the Company commenced a share buyback programme (the Programme) to repurchase ordinary shares with a market value of up to £75.0m. The purpose of the Programme was to reduce the Company's share capital and therefore the shares purchased pursuant to the Programme were subsequently cancelled. Subsequent to 31 March 2024, a third share buyback of £75m over the next 12 months has also been approved.

During the six months ended 31 March 2024, the Company completed the Programme, purchasing 4,478,603 ordinary shares at an average price of 838.9p per share and an aggregate cost of £37.8m, including £0.2m of transaction costs. In aggregate under the Programme, 8,806,567 shares were repurchased at an average price of 851.7p and at a total cost of £75.0m, including £0.5m of transaction costs.

12. Dividends paid and proposed

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
Declared and paid in the period			
Dividends per share (pence)	22.6p	21.2p	29.4p
Total dividend (£m)	55.8	54.6	75.5
Proposed after the balance sheet date			
Dividend per share (pence)	9.5p	8.2p	22.6p
Total dividend (£m)	23.6	21.2	57.4

13. Derivatives and hedge relationships

The Group's outstanding derivatives were as follows:

	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	12 months ended 30 September 2023 £m
Consolidated balance sheet			
Non-current assets: derivative financial instruments			
USD GBP cross currency fixed interest rate swaps*	11.9	14.2	14.0
Forward currency contracts*	–	–	0.1
Commodity contracts*	0.8	2.5	1.2
Interest rate swaps*	–	1.4	0.7
	12.7	18.1	16.0
Current assets: derivative financial instruments			
USD GBP cross currency fixed interest rate swaps*	0.6	7.6	8.3
Forward currency contracts*	0.1	0.9	1.1
Forward currency contracts	–	–	0.2
Commodity contracts*	2.3	5.5	6.1
Commodity contracts**	–	1.9	–
Interest rate swaps*	1.7	1.4	1.7
Forward currency contracts	–	0.3	–
	4.7	17.6	17.4
Current liabilities: derivative financial instruments			
Forward currency contracts*	(1.8)	(0.7)	(1.2)
Forward currency contracts	–	(0.1)	–
Foreign exchange forwards	(0.1)	–	–
Commodity contracts*	(5.3)	(7.7)	(7.1)
Commodity contracts**	–	(0.1)	–
	(7.2)	(8.6)	(8.3)
Non-current liabilities: derivative financial instruments			
Commodity contracts*	(0.6)	(1.0)	(0.3)
Forward currency contracts*	(0.1)	(0.1)	–
	(0.7)	(1.1)	(0.3)
Total net derivative financial assets	9.5	26.0	24.8

* Instruments designated as part of a cash flow hedge relationship.

** Instruments for which cash flow hedge accounting has been discontinued.

The above derivatives and associated hedge relationships are described in further detail on pages 170 to 172 of the Group's Annual Report and Accounts 2023. At 31 March 2024, the Group is party to a range of commodity derivatives to hedge price risk associated with aluminium (cans), diesel (logistics), sugar, natural gas, power and low-density polyethylene (LDPE) and has designated these derivatives as cash flow hedges.

Discontinued cash flow hedges

In September 2022, the Group discontinued hedge accounting for certain commodity derivatives that were hedging purchases during the period from October 2022 to March 2023 as there is no longer an economic relationship between the hedged item and hedging instrument because of new commercial arrangements with suppliers. Prior to the discontinuation of hedge accounting, the Group had accumulated a gain of £13.8m through other comprehensive income in the hedging reserve. This gain was reclassified to profit or loss during the six months ended 31 March 2023 as the hedged purchases occurred.

14. Fair value of financial instruments

The Group uses the following valuation hierarchy when measuring financial instruments at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The financial instruments which the Group measures at fair value on a recurring basis comprise the derivatives set out in note 13 and the deferred and contingent consideration payable for the acquisition of GCB (note 19). All derivatives are valued based on level 2 in the hierarchy, i.e. using valuation techniques with market observable inputs; this covers cross-currency interest rate swaps, interest rate swaps, foreign exchange forwards, foreign exchange swaps and commodity swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. In assessing the fair value of derivatives, the non-performance risk of both the Group and its derivative trading counterparties has been taken into consideration. Default credit risk has been measured and the potential impact on derivatives valuations quantified. As at 31 March 2024, the potential impact from non-performance risk on the fair value of the derivatives portfolio is not material.

As in the prior year, the carrying value of financial assets and liabilities other than derivatives (trade and other receivables, cash and cash equivalents, overdrafts, interest-bearing loans and borrowings and trade and other payables) are considered to be reasonable approximations of their fair values, except for fixed rate borrowings, which have a book value of £494.3m and a fair value of £442.8m at 31 March 2024 (30 September 2023: £393.7m book value compared to a fair value £331.6m, 31 March 2023: £393.2m book value compared to a fair value £337.6m). The fair value of the Group's fixed rate interest-bearing borrowings and loans are determined by using discounted cash flow methods using discount rates that reflect the Group's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2024 was assessed to be insignificant.

15. Retirement benefit schemes

At 31 March 2024, Britvic plc had IAS 19 defined benefit pension surpluses in GB and ROI totalling £61.9m and an IAS 19 defined benefit pension deficit in France of £1.6m (30 September 2023: pension surpluses in GB, ROI and NI totalling £74.0m and a pension deficit in France of £1.4m, 31 March 2023: pension surpluses in GB, ROI and NI totalling £108.4m and a pension deficit in France of £1.2m). The decrease in the net defined benefit pension asset is primarily attributable to a net remeasurement loss of £19.2m of which £12.5m relates to the GB scheme and £6.4m relates to a change in the asset ceiling for the NI scheme that resulted in the derecognition of its net surplus.

The net income for defined benefit schemes recognised in the income statement for the 6 months ended 31 March 2024 was £1.6m (6 months ended 31 March 2023: net income of £3.2m).

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

Contributions are paid into the defined benefit section of the GB plan as determined by the trustee, agreed by the Company and certified by an independent actuary in the schedule of contributions. As noted in the Group's Annual Report and Accounts 2023, no further deficit funding payments are due to be paid except for the £5.0m annual partnership payment which will continue until 2025. The triennial valuation as of 31 March 2022 was finalised in April 2023 and did not result in any change to the schedule of contributions.

The Group is aware of the High Court ruling in the case of Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors and the subsequent appeal by Virgin Media Ltd, scheduled for 25 June 2024. The Group is monitoring the outcome of the appeal, and any additional hearings, as well as confirmation from the Government as to whether it will issue new regulations in response to this issue.

16. Capital commitments

At 31 March 2024, the Group has capital commitments of £9.9m (30 September 2023: £15.8m) for the acquisition of new plant and machinery, primarily relating to warehouse upgrades at the National Distribution Centre (NDC) in Lutterworth, and new production lines at Rugby and Newcastle West in Ireland.

17. Other reserves

The movement in the Group's other reserves was as follows:

	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Total £m
At 1 October 2023	2.7	2.6	(13.8)	87.3	78.8
Losses in the period in respect of cash flow hedges	–	(12.8)	–	–	(12.8)
Amounts reclassified to the income statement in respect of cash flow hedges	–	5.4	–	–	5.4
Deferred tax in respect of cash flow hedges	–	1.5	–	–	1.5
Exchange differences on translation of foreign operations	–	–	(8.5)	–	(8.5)
Tax on exchange differences	–	–	(0.3)	–	(0.3)
Movements included within other comprehensive income	–	(5.9)	(8.8)	–	(14.7)
Transfer of cash flow hedge reserve to inventories	–	1.8	–	–	1.8
Transfer of cash flow hedge reserve to goodwill	–	(0.5)	–	–	(0.5)
Shares cancelled pursuant to share buyback	1.0	–	–	–	1.0
At 31 March 2024	3.7	(2.0)	(22.6)	87.3	66.4

	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Total £m
At 1 October 2022	0.9	27.3	(9.5)	87.3	106.0
Losses in the period in respect of cash flow hedges	–	(30.4)	–	–	(30.4)
Amounts reclassified to the income statement in respect of cash flow hedges	–	(6.1)	–	–	(6.1)
Deferred tax in respect of cash flow hedges	–	7.3	–	–	7.3
Exchange differences reclassified to profit or loss on disposal of foreign operations	–	–	(0.3)	–	(0.3)
Exchange differences on translation of foreign operations	–	–	(3.9)	–	(3.9)
Tax on exchange differences	–	–	(0.2)	–	(0.2)
Movements included within other comprehensive income	–	(29.2)	(4.4)	–	(33.6)
Transfer of cash flow hedge reserve to inventories	–	4.1	–	–	4.1
Shares cancelled pursuant to share buyback	1.0	–	–	–	1.0
At 31 March 2023	1.9	2.2	(13.9)	87.3	77.5

Capital redemption reserve

The capital redemption reserve relates to the repurchase and cancellation of shares of the company pursuant to the share buyback programme (see note 11). Upon cancellation, the nominal value of shares cancelled is transferred from share capital to the capital redemption reserve.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of commodity swaps, forward exchange contracts, interest rate and cross-currency swaps that have been designated as part of a cash flow hedge relationship.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency of items recorded in Group entities with a non-sterling functional currency net of amounts recognised in respect of net investment hedges.

Merger reserve

The merger reserve arose as a result of the non-pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612-613 of the Companies Act 2006.

18. Assets held for sale

On 8 October 2020, contracts were exchanged for the sale of the Britvic Norwich production site (jointly owned with Unilever) and the land and buildings (forming part of the Group's GB operating segment and previously presented within property, plant and equipment) were classified as assets held for sale under IFRS 5. This sale was subject to conditions precedent, including certain planning consents being obtained by the buyer. An important milestone was reached in August 2023 whereby the planning application was validated by Norwich Council and the assets continued to be presented as held for sale at 31 March 2024 as the assets were available for sale in their present condition and the sale was considered to be highly probable.

In line with IFRS 5, assets held for sale are measured at the lower of carrying value and fair value less costs to sell. The carrying value of the Norwich land and buildings at 31 March 2024 is £16.8m (30 September 2023: £16.8m).

19. Acquisition in Brazil

On 4 October 2023, the Group acquired 100% of the issued share capital of GlobalBev Comércio de Bebidas Ltda (GCB). This comprised of all the voting equity interests and resulted in the Group obtaining control of GCB. The acquired entity owns the Extra Power energy drink brand as well as the energy brand Flying Horse, the juice brand Juxx and the acai smoothie brand Amazoo. Collectively, this acquisition in Brazil enables the Group to expand its brand portfolio and regional footprint. The acquisition marks an important extension of Britvic's Brazilian operations, consistent with the Group's strategy to accelerate and expand its presence across Brazil.

The consideration for the acquisition comprises initial cash consideration of BR\$151.1m (£24.1m), deferred consideration of BR\$70.0m (£11.4m, at exchange rate on acquisition), due in instalments on the first and second anniversary of completion, and contingent consideration of up to BR\$25.0m (£4.1m, at exchange rate on acquisition), subject to performance criteria.

GCB contributed £11.5m of revenue and a profit of £1.7m to the Group's profit after tax for the period between the date of acquisition and 31 March 2024.

The provisional amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out below:

	4 October 2023
	£m
Property, plant and equipment	0.2
Right-of-use assets	0.4
Intangible assets	23.1
Inventories	1.8
Trade and other receivables	2.0
Total assets	27.5
Trade and other payables	(3.1)
Lease liabilities	(0.4)
Total liabilities	(3.5)
Total identifiable net assets	24.0
Goodwill	14.5
Total consideration	38.5
Satisfied by:	
Cash	24.1
Deferred consideration	11.1
Contingent consideration	3.3
Total consideration	38.5

The net cash outflow arising on acquisition was £24.1m.

The goodwill of £14.5m includes the value of the assembled workforce as well as expected synergies arising from the acquisition such as from integrating back-office arrangements with the Group's existing Brazilian operations and from the sale of the Group's existing brands in territories served by the acquiree. All of the goodwill has been allocated to the Group's Brazil operating segment. It is expected that the goodwill arising on acquisition will be tax deductible.

Intangible assets identified separately from goodwill comprise trademarks of £16.1m related to the Extra Power, Flying Horse, Juxx and Amazoo brands and customer relationships of £7.0m.

Trade and other receivables with a fair value of £2.0m have been recognised on acquisition. The gross contractual amount of these receivables is £2.0m, all of which is expected to be collected.

The Group measured acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities, reflecting that the lease rentals are comparable to market rates.

The contingent consideration arrangement is based on the sales volume growth of the acquired energy drinks brands compared to the energy drinks market in Brazil over the two years following acquisition, with potential payments after each of the two years. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £4.1m. The fair value of the contingent consideration arrangement of has been estimated at £3.3m and takes into consideration the likelihood of achieving the target performance and discounting to present value. A reconciliation of the fair value measurement of the contingent consideration liability is provided below:

	6 months ended
	31 March 2024
	£m
As at 1 October 2023	–
Liability arising on acquisition	3.3
Unrealised fair value changes recognised in profit or loss	0.1
As at 31 March 2024	3.4

In addition to the consideration outlined above, acquisition and integration costs of £1.2m have been incurred during the six months ended 31 March 2024. These are included within administrative expenses and are presented as adjusting items (see non-GAAP reconciliations on page 19).

20. Related party transactions

A full explanation of the Group's related party relationships is provided in the Group's Annual Report and Accounts 2023. There are no material transactions with related parties or changes in the related party relationships described in the last annual report that have had, or are expected to have, a material effect on the financial performance or position of the Group in the six month period ended 31 March 2024.

Appendix 1

NON-GAAP RECONCILIATIONS

Adjusting items

In addition to statutory financial measures, the Group uses certain alternative performance measures (APMs) which are not defined by adopted IFRS to assess the operating performance and financial position of the Group. These APMs excludes certain items, referred to as adjusting items, which are not incurred in the ordinary course of business due to their size, frequency and nature. These APMs are intended to provide additional useful information on trading performance to the users of the Financial Statements and are not intended to be a substitute for IFRS measures.

For the 6 months ended 31 March 2024 these items primarily relate to the reversal of impairment of trademarks, strategic M&A activity, costs for setting up the Deposit and Return Scheme in Ireland & acquisition related amortisation.

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

	Note	6 months ended 31 March 2024 £m	6 months ended 31 March 2023 £m	12 months ended 30 September 2023 £m
Reversal of impairment of trademarks	(a)	3.6	–	–
Strategic restructuring and M&A activity	(b)	(3.9)	(0.3)	(7.6)
Deposit Return Scheme set-up costs in Ireland	(c)	(1.2)	–	(0.5)
Pension scheme costs	(d)	–	–	(20.5)
Acquisition-related amortisation	(e)	(5.8)	(4.3)	(8.3)
Total included in operating profit		(7.3)	(4.6)	(36.9)
Ineffectiveness on cash flow hedges related to debt	(f)	–	–	(1.5)
Unwind of discount on deferred consideration	(g)	(0.5)	–	–
Total included in finance costs		(0.5)	–	(1.5)
Total adjusting items pre-tax		(7.8)	(4.6)	(38.4)
Tax on adjusting items included in profit before tax		0.7	0.1	5.7
Net adjusting items		(7.1)	(4.5)	(32.7)

- Reversal of impairments of £3.6m related to the Ballygowan trademark intangible following growth in sales and the successful launch of Ballygowan's Hint of Fruit range in the flavoured water category. This was originally impaired in 2010, with partial reversals in 2017 and 2018. Following the strong brand performance, the remaining impairment has been reversed.
- Strategic restructuring and M&A activity costs in the period relate to the Norwich site running costs, cost attributable to strategic organisational capability reviews and M&A costs associated with acquiring and integrating GCB. FY23 costs were of a similar nature, relating to a restructuring of supply chain and the operating model across the Group initiated in 2016 and redundancy costs in relation to additional production capacity within Kylesmore in Ireland.
- Costs for the setup of the deposit return scheme (DRS) in Ireland.
- Pension scheme costs in the prior year of £20.5m comprise past service costs on the GB defined benefit pension scheme resulting from an amendment to the scheme rules related to pension increases.
- Acquisition-related amortisation relates to the amortisation of intangibles recognised on acquisitions in Britvic Ireland, Britvic France, Britvic Brazil, Aqua Libra Co, Plenish, Jimmy's Iced Coffee and GCB.
- Ineffectiveness on cash flow hedges relate to hedge ineffectiveness on private placement loan hedging.
- In relation to deferred consideration payable for the acquisition in Brazil (discounted to present value on acquisition).

Adjusted profit

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
	£m	£m	£m
Operating profit as reported	93.1	80.7	181.5
Add back adjusting items in operating profit	7.3	4.6	36.9
Adjusted EBIT	100.4	85.3	218.4
Net finance costs	(14.9)	(11.4)	(24.7)
Add back: adjusting net finance costs	0.5	-	1.5
Adjusted profit before tax and acquisition-related amortisation	86.0	73.9	195.2
Acquisition-related amortisation	(5.8)	(4.3)	(8.3)
Adjusted profit before tax	80.2	69.6	186.9
Taxation	(18.3)	(14.9)	(32.8)
Less adjusting tax credit	(0.7)	(0.1)	(5.7)
Adjusted tax	(19.0)	(15.0)	(38.5)
Adjusted profit after tax	61.2	54.6	148.4
Adjusted effective tax rate	23.7%	21.5%	20.6%

Adjusted earnings per share

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
Adjusted basic earnings per share			
Profit for the period attributable to equity shareholders (£m)	59.9	54.4	124.0
Add: net impact of adjusting items (£m)	7.1	4.5	32.7
Adjusted earnings (£m)	67.0	58.9	156.7
Weighted average number of ordinary shares in issue for basic earnings per share (millions)	248.1	258.6	256.9
Adjusted basic earnings per share (pence)	27.0p	22.8p	61.0p
Adjusted diluted earnings per share			
Adjusted earnings (£m)	67.0	58.9	156.7
Dilutive shares on employee share schemes (millions)	2.0	1.6	1.9
Weighted average number of ordinary shares in issue for diluted earnings per share (millions)	250.1	260.2	258.8
Adjusted diluted earnings per share (pence)	26.8p	22.6p	60.5p

Free cash flow

	6 months ended 31 March 2024	6 months ended 31 March 2023	12 months ended 30 September 2023
	£m	£m	£m
Net cash flows from operating activities	24.8	35.7	238.4
Purchases of property, plant and equipment (net of government grants)	(29.4)	(25.5)	(68.5)
Purchases of intangible assets	(3.5)	(3.9)	(8.1)
Interest paid, net of derivative financial instruments	(14.7)	(9.3)	(21.1)
Repayment of principal portion of lease liabilities	(4.2)	(5.0)	(9.0)
Repayment of interest portion of lease liabilities	(0.9)	(1.0)	(1.9)
Free cash flow	(27.9)	(9.0)	129.8

Adjusted net debt

	Note	31 March 2024	Restated* 31 March 2023	30 September 2023
		£m	£m	£m
Interest-bearing deposits		(6.1)	(6.2)	(10.9)
Cash and cash equivalents		(29.8)	(41.8)	(79.2)
Overdrafts		29.2	23.0	48.9
Derivatives hedging balance sheet debt	10	(12.8)	(21.6)	(22.6)
Interest-bearing loans and borrowings	10	713.5	640.0	601.9
Adjusted net debt		694.0	593.4	538.1

* Comparative figures for interest-bearing deposits and cash and cash equivalents have been restated as set out in note 2 'basis of preparation'