AG Barr

BUILDING GREAT BRANDS

INTERIM REPORT 2024

INTRODUCTION

"My first few months with the business has further cemented my view that AG Barr is an excellent business with exciting, tangible and deliverable growth opportunities.

I am pleased to report a strong set of first half results. The business has delivered both revenue and profit growth as well as good progress on our key strategic margin rebuild programme.

We continue to invest in our supply chain to build the capacity to support our growth plans and manufacture more volume in-house. This will deliver tangible benefits including enhanced margin and improved service resilience.

We anticipate a strong H2 performance from our four core brands – IRN-BRU, Rubicon, Boost and FUNKIN – in particular, with current trading momentum underpinned by further marketing and innovation activities.

Guidance on 2024/25 revenue and operating margin is unchanged. We remain confident of continued, sustainable growth over the long term, in line with our strategic ambitions."

Euan Sutherland
Chief Executive

IN THIS REPORT

BARR SOFT DRINKS

MOMA THE CRAFT OAT CO.

ESTD . 1999 FUNKIN COCKTAILS

BOOST DRINKS

For more information visit our website agbarr.co.uk

INTERIM STATEMENT

"We are pleased to report a strong H1 performance through execution of our clear and consistent growth strategy of building brands that people love."

Euan Sutherland

Mark Allen OBE

Revenue increased 5.2% to £221.3m and operating margin (adjusted)* improved by 50 bps to 13.0%. This delivered profit before tax (adjusted)* growth of 8.5% to £29.3m.

Particularly pleasing was the performance of our Soft Drinks business where revenue increased 7.0%, driven by both volume and price. Rubicon was the stand out performer, delivering double digit growth in both volume and value.

Profit before tax of £24.9m included a non-recurring (£4.4m) adjusting item related to the business change projects involving the closure of Barr Direct and the integration of the Boost business.

These key projects progressed to plan in H1. The Barr Direct route to market closed at the end of June with no impact to customer service. Symbol and Independent retailers are now fully serviced through the wholesale route to market, supported by a larger in-house Field Sales team. The integration of the Boost business, acquired in 2022, is on track and will be completed during H2. Our expectation of the payback from these two projects remains less than 2 years. Manufacturing synergies continue to be realised as production is insourced in line with our plan.

Market context

Soft drinks: The UK soft drinks market was up 2.0% versus the same period in the prior year. Growth was price led with volumes marginally down (0.4%), partly as a consequence of the disappointing early summer weather. Whilst value was up, the level of price inflation in the market has reduced significantly versus the peak in 2023. Overall, our performance was ahead of the market across both volume and value, with growth primarily arising in segments not measured by market analytic data.

(Source: Circana data for the 26 weeks to 27 July 2024).

Cocktails: Ready to drink (RTD) cocktails in the take home market grew 9.1%, well ahead of the wider pre-mixed alcoholic drinks market growth rate of 2.7%. FUNKIN's growth was ahead of both market segments and it remains the number one brand in the RTD cocktail market.

As has been widely documented, the UK on-trade market continued to experience challenging trading conditions during the period. The value of cocktails in the on-trade declined by (1.3%) in the year to March 2024 driven primarily by a (1.9%) reduction in the number of outlets. Cocktails performed relatively favourably within this wider trend, marginally growing volume share. Whilst we expect on-trade cocktail consumption to return to growth in the longer term, this may take some time given current economic and consumer trends.

(Source: Nielsen pre-mixed alcoholic drinks total coverage YTD 13/07/2024; CGA Q1 2024).

Business performance

Overall revenue growth of 5.2% driven by Soft drinks performance.

	Revenue (£m)	Change vs H1 2023/24 (%)
Soft drinks	£194.6m	7.0%
Cocktail solutions (FUNKIN)	£21.1m	(9.4%)
Other (MOMA)	£5.6m	7.7%

7.0% growth in Soft Drinks revenue was led by Rubicon, which continued to grow ahead of the market through distribution gains and an increase in marketing investment. Revenue from IRN-BRU was up through a combination of volume and value growth, with a highly effective Euros marketing campaign and continued market share gains in England. The focus for Boost this year is on margin improvement, including profit recovery and insourcing of production. This is progressing in line with plan. Our soft drinks business carried good momentum into H2 and we expect further growth in the second half supported by our promotional and marketing investment plans.

FUNKIN experienced a challenging H1 with revenue down (9.4%). The key driver of this decline was on-going weak consumer demand in the on-trade channel where late night venues remained particularly affected. More positively, the FUNKIN ready-to-drink (RTD) business has continued to grow at pace in the strategic growth channel of retail despite revenue in H1 being impacted by a short term issue with third party can production which impacted sales to retailers but is now resolved. With a more resilient supply chain now in place and an exciting innovation pipeline we expect FUNKIN to perform positively in H2.

MOMA maintained its growth in H1 with new distribution gains. We expect MOMA's growth to accelerate in H2 through further range development.

Cash flow and balance sheet

Net cash from operating activities of £13.0m was £2.1m below the prior year (2023/24 H1: £15.1m). This was primarily driven by the non-recurring costs associated with the business change projects.

We have managed working capital effectively across H1. We collected cash in a timely manner from our customers and had no significant unrecoverable debt during the period. Inventory levels have generally been good albeit we experienced a small number of specific issues with third party suppliers which temporarily reduced inventory below desired levels and are now resolved.

Capital expenditure* in H1 was £7.4m (2023/24 H1: £6.5m). As in the prior year, our plan sees higher capital expenditure expected in the second half of the year due to the timing of specific activities. During H1 the key project completed was the installation and commissioning of a new small PET line in Cumbernauld, which provides increased manufacturing capability and resilience for the long term. The Cumbernauld factory asset refresh programme remains on track, and is expected to be completed by January 2026. Full year capital expenditure* in the current year is estimated at c.£20m (2023/24: £17.8m), with H2 expenditure concentrated on investment in Cumbernauld and Milton Keynes manufacturing lines.

The business closed the period with net cash at bank* of £43.7m. This was £3.6m lower than the Interim reporting date in the prior year, principally owing to the £12.3m cash outflow in acquiring Rio in October 2023. The closing net cash at bank* balance was £9.9m less than the period opening position (£53.6m) due to the normal funding of dividend, tax and capital expenditure, alongside the seasonal demands for higher working capital during the summer trading period. We expect our cash balance to increase in H2 as it has historically.

Board

As previously communicated, after 20 years, Jonathan Kemp stepped down from the Board in May and will retire from his position as Commercial Director at the end of September 2024. Jonathan will remain with the company until September 2025 to lead a number of projects and support a smooth transition.

We are pleased to announce the appointment of Dino Labbate. Dino joins in January 2025 from Britvic, in a newly created, broader role of MD A.G. BARR, reporting to the CEO.

The transition of CEO is now complete and has been executed successfully without any disruption to the business. Looking forward, the senior leadership team is fully focused on delivering the business' strategy and accelerating its growth trajectory.

Dividend

The Board has declared an interim dividend for the 26 weeks ended 27 July 2024 of 3.10 pence per share (2023/24: 2.65 pence) payable on 1 November 2024 to shareholders on the register on 4 October 2024. This is in line with our policy of the interim dividend being 25% of the prior final year dividend.

Outlook

The positive H1 performance was in line with our expectations and we have ambitious plans for H2 and beyond, which are consistent with our long term growth strategy. We will continue to invest behind our brands to drive revenue growth, and continue to progress our strategic project agenda to deliver margin improvement and strengthen our supply base. We remain conscious of the current pressure on consumers and will be responsive to changes in the dynamic markets in which we operate. We are confident that, assuming a reasonably settled external environment, the execution of our plans will result in a strong H2 and the delivery of a full year performance in line with current market expectations**.

Mark Allen
Chairman

Euan Sutherland
Chief Executive

* Items marked with an asterix are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 22 to 24.

** Analyst consensus: FY24/25 Net Revenue £421.5m, PBT £57.2m (FY23/24 PBT £50.5m).

CONSOLIDATED CONDENSED INCOME STATEMENT

	Note	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Revenue	6	**221.3**	210.4	400.0
Cost of sales		**(132.2)**	(131.0)	(245.8)
Gross profit	6	**89.1**	79.4	154.2
Operating expenses		**(64.8)**	(52.2)	(104.1)
Operating profit	8	**24.3**	27.2	50.1
Finance income	9	**0.8**	0.7	1.4
Finance costs	9	**(0.2)**	(0.1)	(0.2)
Profit before tax		**24.9**	27.8	51.3
Tax on profit	10	**(6.2)**	(6.8)	(12.8)
Profit attributable to equity holders		**18.7**	21.0	38.5
Earnings per share (pence)				
Basic earnings per share	11	**16.88**	18.87	34.59
Diluted earnings per share	11	**16.72**	18.67	34.24

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at 27 July 2024 £m	Unaudited As at 30 July 2023 £m	Audited As at 28 January 2024 £m
Non-current assets				
Intangible assets		**129.9**	115.6	130.4
Property, plant and equipment		**107.8**	102.2	109.0
Right-of-use assets		**4.6**	5.2	5.2
Retirement benefit surplus	17	**6.2**	3.2	3.2
		248.5	226.2	247.8
Current assets				
Inventories		**35.6**	36.0	36.5
Trade and other receivables		**94.1**	93.9	63.8
Assets classified as held for sale	13	**2.1**	–	–
Current tax asset		**0.2**	–	–
Short-term investments		**32.5**	–	20.0
Cash and cash equivalents		**17.3**	47.3	33.6
		181.8	177.2	153.9
Total assets		**430.3**	403.4	401.7
Current liabilities				
Loans and other borrowings	15	**6.1**	–	–
Trade and other payables		**86.9**	90.7	70.3
Derivative financial instruments	14	**0.5**	0.3	0.3
Lease liabilities	14	**1.7**	1.6	1.8
Provisions	16	**2.0**	0.5	0.5
Current tax liabilities		**–**	0.9	0.7
		97.2	94.0	73.6
Non-current liabilities				
Deferred tax liabilities		**33.0**	28.8	32.3
Lease liabilities	14	**2.6**	3.2	3.1
Derivative financial instruments	14	**0.1**	–	–
		35.7	32.0	35.4
Capital and reserves				
Share capital		**4.7**	4.7	4.7
Share premium account		**0.9**	0.9	0.9
Share options reserve		**3.1**	4.0	4.0
Other reserves		**(0.5)**	(0.1)	(0.1)
Retained earnings		**289.2**	267.9	283.2
		297.4	277.4	292.7
Total equity and liabilities		**430.3**	403.4	401.7

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Profit for the period	**18.7**	21.0	38.5
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans (Note 17)	**–**	0.7	0.7
Deferred tax movements on items above	**–**	(0.2)	(0.2)
Items that will be or have been reclassified to profit or loss			
Loss arising on cash flow hedges during the period	**(0.6)**	(0.3)	(0.3)
Deferred tax movements on items above	**0.2**	0.1	0.1
Other comprehensive (expense)/income for the period, net of tax	**(0.4)**	0.3	0.3
Total comprehensive income attributable to equity holders of the parent	**18.3**	21.3	38.8

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 28 January 2024	**4.7**	**0.9**	**4.0**	**(0.1)**	**283.2**	**292.7**
Profit for the period	–	–	–	–	18.7	18.7
Other comprehensive expense	–	–	–	(0.4)	–	(0.4)
Total comprehensive (expense)/income for the period	–	–	–	(0.4)	18.7	18.3
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1.9)	(1.9)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	0.7	0.7
Recognition of share-based payment costs	–	–	1.4	–	–	1.4
Transfer of reserve on share award	–	–	(2.3)	–	2.3	–
Dividends paid	–	–	–	–	(13.8)	(13.8)
At 27 July 2024	**4.7**	**0.9**	**3.1**	**(0.5)**	**289.2**	**297.4**

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 29 January 2023	4.7	0.9	3.4	0.1	259.7	268.8
Profit for the period	–	–	–	–	21.0	21.0
Other comprehensive (expense)/income	–	–	–	(0.2)	0.5	0.3
Total comprehensive (expense)/income for the period	–	–	–	(0.2)	21.5	21.3
Company shares purchased for use by employee benefit trusts	–	–	–	–	(2.6)	(2.6)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	0.8	0.8
Recognition of share-based payment costs	–	–	1.0	–	–	1.0
Transfer of reserve on share award	–	–	(0.3)	–	0.3	–
Deferred tax on items taken direct to reserves	–	–	(0.1)	–	–	(0.1)
Dividends paid	–	–	–	–	(11.8)	(11.8)
At 30 July 2023	4.7	0.9	4.0	(0.1)	267.9	277.4

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY (AUDITED)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 29 January 2023	4.7	0.9	3.4	0.1	259.7	268.8
Profit for the year	–	–	–	–	38.5	38.5
Other comprehensive (expense)/income	–	–	–	(0.2)	0.5	0.3
Total comprehensive (expense)/income for the year	–	–	–	(0.2)	39.0	38.8
Company shares purchased for use by employee benefit trusts	–	–	–	–	(3.6)	(3.6)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	1.3	1.3
Recognition of share-based payment costs	–	–	2.1	–	–	2.1
Transfer of reserve on share award	–	–	(1.6)	–	1.5	(0.1)
Deferred tax on items taken direct to reserves	–	–	0.1	–	–	0.1
Dividends paid	–	–	–	–	(14.7)	(14.7)
At 28 January 2024	4.7	0.9	4.0	(0.1)	283.2	292.7

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Operating activities			
Profit for the period before tax	**24.9**	27.8	51.3
Adjustments for:			
Interest receivable	**(0.8)**	(0.7)	(1.4)
Interest payable	**0.2**	0.1	0.2
Impairment of investment in associate	**–**	0.7	0.7
Write off of loans and receivables	**–**	1.5	1.5
Contingent consideration	**–**	(0.8)	(0.8)
Depreciation of property, plant and equipment	**5.8**	5.4	11.2
Amortisation of intangible assets	**0.5**	0.6	1.1
Share-based payment costs	**1.4**	1.0	2.1
Impairment of assets classified as held for sale	**1.1**	–	–
(Gain)/loss on sale of property, plant and equipment	**(0.1)**	0.1	(0.5)
Operating cash flows before movements in working capital	**33.0**	35.7	65.4
Decrease/(increase) in inventories	**0.9**	(1.3)	(1.8)
Increase in receivables	**(30.3)**	(33.5)	(3.4)
Increase in payables	**18.5**	20.4	–
Difference between employer pension contributions and amounts recognised in the income statement	**(2.9)**	–	–
Cash generated by operations	**19.2**	21.3	60.2
Tax paid	**(6.2)**	(6.2)	(11.7)
Net cash from operating activities	**13.0**	15.1	48.5
Investing activities			
Acquisition of subsidiary	**–**	–	(12.3)
Purchase of property, plant and equipment	**(7.4)**	(6.5)	(17.8)
Proceeds on sale of property, plant and equipment	**0.2**	–	0.6
Funds placed on fixed term deposit	**(37.5)**	(25.0)	(20.0)
Funds returned from fixed term deposit	**25.0**	65.0	40.0
Interest received	**0.5**	1.1	1.4
Net cash used in investing activities	**(19.2)**	34.6	(8.1)
Financing activities			
Loans made	**–**	5.0	5.0
Loans repaid	**–**	(5.7)	(5.7)
Lease payments	**(1.1)**	(1.0)	(1.9)
Purchase of Company shares by employee benefit trusts	**(1.9)**	(2.6)	(3.6)
Proceeds from disposal of Company shares by employee benefit trusts	**0.7**	0.8	1.3
Dividends paid	**(13.8)**	(11.8)	(14.7)
Interest paid	**(0.1)**	–	(0.1)
Net cash used in financing activities	**(16.2)**	(15.3)	(19.7)
Net (decrease)/increase in cash and cash equivalents	**(22.4)**	34.4	20.7
Cash and cash equivalents at beginning of period	**33.6**	12.9	12.9
Cash and cash equivalents at end of period	**11.2**	47.3	33.6

Cash and cash equivalents per the cash flow statement comprises cash and cash equivalents per the statement of financial position of £17.3m, net of bank overdrafts of £6.1m for the period ended 27 July 2024.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. General information

A.G. BARR p.l.c. (the "Company") and its subsidiaries (together the "Group") manufacture, distribute and sell a range of beverages. The Group has manufacturing sites in the UK and sells mainly to customers in the UK with some international sales.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

This consolidated condensed interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 28 January 2024 were approved by the Board of Directors on 26 March 2024 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 28 January 2024 are an extract of the Company's statutory accounts for that year. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This consolidated condensed interim financial information is unaudited but has been reviewed by the Company's Auditor.

2. Basis of preparation

This consolidated condensed interim financial information for the 26 weeks ended 27 July 2024 has been prepared in accordance with UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 January 2024, which has been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006.

Going concern basis

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks.

There has been no further update to the assessment undertaken in the year ended 28 January 2024, which remains valid. This reviewed a number of severe but plausible downside scenarios that could impact the business (both individually and cumulatively) over the period until January 2027. These scenarios include a major brand issue which impacts reputation and consumer purchasing, a cyber attack and a global pandemic. In each scenario the Group continues to be cash generative throughout the forecast horizon, resulting in our liquidity headroom being maintained.

Our experience through the Covid-19 pandemic has given us confidence that the Group can remain profitable and cash generative through prolonged disruption.

The most significant potential financial impact would be due to a significant reduction in sales. The revenue and operational leverage impact of such a volume loss would have a negative impact on Group profitability, however the scenario modelling would indicate that the Group would remain profitable over the next 12 months and we would anticipate a recovery in the following years.

The Group has £20m of committed, unutilised revolving credit facilities providing the business with a secure funding platform. The facility expires in February 2026. In the period, the Group has put in place a £15m overdraft facility to support intra-month working capital requirements and maximise cash deposit interest. Throughout these severe but plausible downside scenarios, the Group continues to have significant liquidity headroom on existing facilities and against the revolving credit facilities financial covenants.

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group and parent Company will have adequate resources to continue in operation for at least 12 months from the signing date of these condensed consolidated financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

3. Accounting policies

New standards and interpretations applied for the first time

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed for use in the UK which are mandatorily effective for accounting periods beginning on or after 29 January 2024. Apart from those changes to accounting policies noted below, the accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent annual report for the year ended 28 January 2024. There has been no material impact on the amounts reported or disclosures required in these condensed interim financial statements.

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1
- Lease liability in sale and leaseback – Amendments to IFRS 16
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

Assets classified as held for sale

Assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell where the assets meet the 'held for sale' criteria within IFRS 5. Depreciation on these assets ceases and they are presented within current assets in the balance sheet.

4. Principal risks and uncertainties

The directors consider that the following principal risks and uncertainties could have a material impact on the Group's performance in the balance of the financial year. Further detail can be found on pages 48-55 of the Group's annual financial statements as at 28 January 2024, which are available on our website, www.agbarr.co.uk.

- Changes in consumer preferences, perception or purchasing behaviour
- Consumer rejection of reformulated products
- Loss of product integrity
- Loss of continuity of supply of major raw materials
- Adverse publicity in relation to the soft drinks industry, the Group or its brands
- Government intervention on climate change and environmental issues e.g. packaging waste
- Failure to maintain customer relationships or take account of changing market dynamics
- Inability to protect the Group's intellectual property rights
- Failure of the Group's operational infrastructure
- Failure of critical IT systems or a breach of cyber security
- Financial risks
- Environmental Social and Governance (ESG) risks

The Group has reviewed its exposure to climate-related and other emerging business risks but has not identified any specific risks that would impact the financial performance or position of the Group at 27 July 2024.

5. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements should be read in conjunction with the Group's annual financial statements as at 28 January 2024 as they do not include all financial risk management information and disclosures contained within the annual financial statements. There have been no changes in the risk management policies since the year end.

6. Segment reporting

The Board and senior executives have been identified as the Group's chief operating decision-makers, who review the Group's internal reporting in order to assess performance and allocate resources.

The performance of the operating segments is assessed by reference to their gross profit.

Unaudited Six months ended 27 July 2024	Soft drinks £m	Cocktail solutions £m	Other £m	Total £m
Total revenue	**194.6**	**21.1**	**5.6**	**221.3**
Gross profit	**79.5**	**7.8**	**1.8**	**89.1**

Unaudited Six months ended 30 July 2023	Soft drinks £m	Cocktail solutions £m	Other £m	Total £m
Total revenue	181.9	23.3	5.2	210.4
Gross profit	69.9	7.9	1.6	79.4

Audited Year ended 28 January 2024	Soft drinks £m	Cocktail solutions £m	Other £m	Total £m
Total revenue	346.6	42.9	10.5	400.0
Gross profit	135.6	15.4	3.2	154.2

There are no material intersegment sales. All revenue is in relation to product sales, which is recognised at a point in time, upon delivery to the customer.

All of the assets and liabilities of the Group are managed on a central basis rather than at a segment level. As a result, no reconciliations of segment assets and liabilities to the consolidated condensed statement of financial position has been disclosed for any of the periods presented.

Included in revenues arising from the above segments are revenues of approximately £39.0m which arose from sales to the Group's largest customer. In the year ended 28 January 2024 and six months ended 30 July 2023, revenues of approximately £68.0m and £37.5m respectively arose from sales to the Group's largest customer. No other single customer contributed 10 per cent or more to the Group's revenue in the comparative period to July 2023 or January 2024.

All of the segments included within "Soft drinks" and "Cocktail solutions" meet the aggregation criteria set out in IFRS 8 Operating Segments.

7. Seasonality of operations

Revenues and reported profits are affected by weather conditions, cost inflation, the timing of marketing and promotional investment and innovation launches. Owing to the timing of the one-off costs related to the business change projects, reported profits for the second half of the year to 25 January 2025 are expected to be higher than those for the 26 weeks ended 27 July 2024.

8. Operating profit

The following items have been charged/(credited) to operating profit during the period:

	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Business change projects	4.4	–	–
Provision for business reorganisation	0.7	–	–
(Gain)/loss on sale of property, plant and equipment	(0.1)	0.1	–

Included within the business change project costs is a £1.1m impairment charge against assets classified as held for sale (Note 13).

9. Net finance costs

Finance income	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Interest receivable on short-term deposits	0.7	0.6	1.3
Finance costs relating to defined benefit pension plans	0.1	0.1	0.1
	0.8	0.7	1.4

Finance costs	£m	£m	£m
Interest payable	0.1	–	0.1
Lease interest	0.1	0.1	0.1
	0.2	0.1	0.2

10. Tax on profit

The interim period total tax charge of £6.2m (six months ended 30 July 2023: £6.8m; year ended 28 January 2024: £12.8m) is accrued based on the estimated annual effective tax rate of 24.9% (six months ended 30 July 2023: 24.5%; year ended 28 January 2024: 25.0%). The effective tax rate is calculated using the forecast year end effective corporation tax rate and the movement in deferred tax to 27 July 2024. The effective tax rate has remained relatively unchanged in the six months ended 27 July 2024 compared to the year ended 28 January 2024.

Analysis of tax charge	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Current income tax charge	5.3	6.4	11.7
Deferred income tax charge	0.9	0.4	1.1
Total tax charge in the condensed income statement	6.2	6.8	12.8

11. Earnings per share

Basic earnings per share has been calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares held by the employee sharescheme trusts.

	Unaudited Six months ended 27 July 2024	Unaudited Six months ended 30 July 2023	Audited Year ended 28 January 2024
Profit attributable to equity holders of the Company (£m)	**18.7**	21.0	38.5
Weighted average number of ordinary shares in issue	**110,797,643**	111,288,517	111,289,068
Basic earnings per share (pence)	**16.88**	18.87	34.59

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 27 July 2024	Unaudited Six months ended 30 July 2023	Audited Year ended 28 January 2024
Profit attributable to equity holders of the Company (£m)	**18.7**	21.0	38.5
Weighted average number of ordinary shares in issue	**110,797,643**	111,288,517	111,289,068
Adjustment for dilutive effect of share options	**1,047,922**	1,193,573	1,159,537
Diluted weighted average number of ordinary shares in issue	**111,845,565**	112,482,090	112,448,605
Diluted earnings per share (pence)	**16.72**	18.67	34.24

12. Dividends

	Six months ended 27 July 2024 per share (p)	Six months ended 30 July 2023 per share (p)	Year ended 28 January 2024 per share (p)	Six months ended 27 July 2024 £m	Six months ended 30 July 2023 £m	Year ended 28 January 2024 £m
Paid final dividend	**12.4**	10.60	10.60	**13.8**	11.8	11.8
Paid interim dividend	**–**	–	2.65	**–**	–	2.9
	12.40	10.60	13.25	**13.8**	11.8	14.7

An interim dividend of 3.10 pence per share was approved by the Board on 24 September 2024 and will be paid on 1 November 2024 to shareholders on the register as of 4 October 2024.

13. Assets classified as held for sale

Unaudited	£m
Balance at 29 January 2023 and 28 January 2024	–
Net book value of assets transferred from property, plant and equipment	3.2
Impairment charge	(1.1)
Balance at 27 July 2024	**2.1**

The closure of the Barr Direct business resulted in a number of vehicles on the balance sheet with no estimated useful life. Following an assessment of fair value less costs to sell an impairment charge of £1.1m has been recognised. These assets are being actively marketed and a number have been sold since the period end.

14. Financial instruments

Current liabilities of £0.5m (at 30 July 2023 and 28 January 2024: £0.3m) relate to forward foreign currency contracts with a maturity of less than 12 months and are recognised at fair value through the cash flow hedge reserve, included within other reserves.

Non-current liabilities of £0.1m (at 30 July 2023 and 28 January 2024: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are recognised at fair value through the cash flow hedge reserve, included within other reserves.

Fair value hierarchy

Fair value hierarchies 1 to 3 are based on the degree to which fair value is observable:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the consolidated condensed statement of financial position, with the resulting value discounted accordingly as relevant.

All financial instruments carried at fair value are Level 2.

14. Financial instruments continued

Fair values of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Unaudited At 27 July 2024	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Current				
Trade receivables	–	91.2	–	91.2
Short-term investments	–	32.5	–	32.5
Cash and cash equivalents	–	17.3	–	17.3
	–	141.0	–	141.0
Financial liabilities – Non-current				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	2.6	2.6
	0.1	–	2.6	2.7
Financial liabilities – Current				
Bank overdraft	–	–	6.1	6.1
Foreign exchange contracts used for hedging	0.5	–	–	0.5
Lease liabilities	–	–	1.7	1.7
Accruals	–	–	37.0	37.0
Trade payables	–	–	42.6	42.6
	0.5	–	87.4	87.9

Unaudited At 30 July 2023	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Current				
Trade receivables	–	93.9	–	93.9
Cash and cash equivalents	–	47.3	–	47.3
	–	141.2	–	141.2
Financial liabilities – Non-current				
Lease liabilities	–	–	3.2	3.2
	–	–	3.2	3.2
Financial liabilities – Current				
Foreign exchange contracts used for hedging	0.3	–	–	0.3
Lease liabilities	–	–	1.6	1.6
Trade payables	–	–	90.7	90.7
	0.3	–	92.3	92.6

14. Financial instruments continued

Audited At 28 January 2024	Carrying amount Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Current				
Trade receivables	–	59.8	–	59.8
Short-term investments	–	20.0	–	20.0
Cash and cash equivalents	–	33.6	–	33.6
	–	113.4	–	113.4
Financial liabilities – Non-current				
Lease liabilities	–	–	3.1	3.1
	–	–	3.1	3.1
Financial liabilities – Current				
Foreign exchange contracts used for hedging	0.3	–	–	0.3
Lease liabilities	–	–	1.8	1.8
Accruals	–	–	30.0	30.0
Trade payables	–	–	36.1	36.1
	0.3	–	67.9	68.2

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS CONTINUED

15. Loans and other borrowings

Movements in borrowings are analysed as follows:

	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Opening borrowings balance	**4.9**	5.8	5.8
Net lease movements	**(0.6)**	(0.3)	(0.2)
Borrowings acquired/drawn-down	**6.1**	5.0	5.0
Repayments of borrowings	**–**	(5.7)	(5.7)
Closing borrowings balance	**10.4**	4.8	4.9

The reconciliation of the above closing borrowings balance to the figures on the face of the consolidated condensed statement of financial position is as follows:

	Unaudited As at 27 July 2024 £m	Unaudited As at 30 July 2023 £m	Audited As at 28 January 2024 £m
Bank borrowings	**6.1**	–	–
Lease liabilities	**4.3**	4.8	4.9
Total borrowings and loans	**10.4**	4.8	4.9
Disclosed as:			
Current liabilities	**7.8**	1.6	1.8
Non-current liabilities	**2.6**	3.2	3.1

The reconciliation to net debt is as follows:

	Unaudited As at 27 July 2024 £m	Unaudited As at 30 July 2023 £m	Audited As at 28 January 2024 £m
Closing borrowings balance	**(10.4)**	(4.8)	(4.9)
Short-term investments	**32.5**	–	20.0
Cash and cash equivalents	**17.3**	47.3	33.6
Net funds	**39.4**	42.5	48.7

In July 2024, the Group agreed a £15m overdraft facility with the Royal Bank of Scotland. This will support intra-month working capital requirements and maximise cash deposit interest.

The drawn/undrawn facilities at 27 July 2024 are as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facility – five years, expires February 2026	**20.0**	**–**	**20.0**
Overdraft facility	**15.0**	**6.1**	**8.9**
	35.0	**6.1**	**28.9**

16. Provisions

Unaudited	Business change projects £m	Business reorganisation £m	Customer related provisions £m	Repairs/ Dilapidations £m	Total £m
Opening provision at 29 January 2023	–	0.3	0.1	0.4	0.8
Provision utilised during the year	–	(0.3)	–	–	(0.3)
Closing provision at 28 January 2024	–	–	0.1	0.4	0.5
Provision created during the year	**3.3**	**0.7**	**–**	**–**	**4.0**
Provision utilised during the year	**(2.5)**	**–**	**–**	**–**	**(2.5)**
Closing provision at 27 July 2024	**0.8**	**0.7**	**0.1**	**0.4**	**2.0**

The business change projects provision relates to the costs associated with two projects. Firstly, the closure of the Barr Direct operation and the move to larger field sales team, supplying brands through existing wholesale channels which completed in June. Secondly, the integration of the Boost business into Barr Soft Drinks. This will result in a reduction in duplicated activities and access to the wider Barr Soft Drinks sales channels and organisation and also the closure of the Boost Leeds office. This is expected to complete by the end of the year ending 25 January 2025.

The business reorganisation provision relates to costs associated with a number of smaller business reorganisations not related to the business change projects.

The customer related provision relates to costs for chiller and vendor disposal and the repairs and dilapidation provision relates to costs provided to make good leased properties on exit.

17. Retirement benefit obligations

On 1 May 2016 the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme was closed to future accrual following a negotiated agreement between the Company and the board of trustees.

The defined retirement benefit scheme had a surplus of £6.2m as at 27 July 2024 (surplus as at 30 July 2023: £3.2m; surplus as at 28 January 2024: £3.2m). The reconciliation of the closing surplus is as follows:

	Unaudited Six months ended 27 July 2024 £m	Unaudited Six months ended 30 July 2023 £m	Audited Year ended 28 January 2024 £m
Opening present value of obligation	**(69.3)**	(76.9)	(76.9)
Interest expense	**(1.6)**	(1.6)	(3.3)
Remeasurement – changes in financial assumptions	**(0.5)**	6.2	6.7
Benefits paid	**1.7**	1.9	4.2
Closing present value of obligation	**(69.7)**	(70.4)	(69.3)
Opening fair value of plan assets	**72.5**	79.3	79.3
Interest income	**1.7**	1.7	3.4
Remeasurement – actuarial return on assets	**0.5**	(5.5)	(6.0)
Employer contributions	**2.9**	–	–
Benefits paid	**(1.7)**	(1.9)	(4.2)
Closing fair value of plan assets	**75.9**	73.6	72.5

	As at 27 July 2024 £m	As at 30 July 2023 £m	As at 28 January 2024 £m
Present value of funded obligations	**(69.7)**	(70.4)	(69.3)
Fair value of plan assets	**75.9**	73.6	72.5
Surplus recognised under IAS 19	**6.2**	3.2	3.2

The key financial assumptions used to value the liabilities were as follows:

	As at 27 July 2024 %	As at 30 July 2023 %	As at 28 January 2024 %
Discount rate	**5.1**	5.2	5.0
Inflation assumption	**3.2**	3.2	3.1

18. Movements in own shares held by employee benefit trusts

During the six months to 27 July 2024 the employee benefit trusts of the Group acquired 338,003 (six months to 30 July 2023: 520,218; year to 28 January 2024: 732,524) of the Company's shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings.
At 27 July 2024 the shares held by the Company's employee benefit trusts represented 793,306 (30 July 2023: 1,187,730; 28 January 2024: 1,048,677) shares at a purchased cost of £4.1m (30 July 2023: £6.6m; 28 January 2024: £5.4m).

593,778 (six months to 30 July 2023: 220,041; year to 28 January 2024: 571,410) shares were utilised in satisfying share options from the Company's employee share schemes during the same period. The related weighted average share price at the time of exercise for the six months to 27 July 2024 was £6.00 (six months to 30 July 2023: £4.66; year to 28 January 2024: £4.78).

19. Contingencies and commitments

	Unaudited As at 27 July 2024 £m	Unaudited As at 30 July 2023 £m	Audited As at 28 January 2024 £m
Commitments for the acquisition of property, plant and equipment	**2.5**	7.7	8.7

20. Related party transactions

There have been no related party transactions in the first 26 weeks of the current financial year which have materially affected the financial position or performance of the Group.

RESPONSIBILITY AND CAUTIONARY STATEMENTS

Responsibility Statement

Company law requires the directors to prepare statements for each financial year. Under that law the directors are required to prepare group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Financial Reporting Standards.

The directors confirm that these consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

Cautionary Statement

This report is addressed to the shareholders of A.G. BARR p.l.c. 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 27 July 2024. This report contains forward-looking statements based on knowledge and information available to the directors as 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.

The directors of A.G. BARR p.l.c. that served during the six months to 27 July 2024 and up to the date of signing, and their respective responsibilities, were:

Mark Allen OBE (Chair)
Roger A. White (Chief Executive) (resigned 30 April 2024)
Euan Sutherland (Chief Executive) (appointed 1 May 2024)
Stuart Lorimer (Finance Director)
Jonathan D. Kemp (Commercial Director) (resigned 31 May 2024)
Susan V. Barratt
Zoe L. Howorth
David J. Ritchie (resigned 31 May 2024)
Nicholas B.E. Wharton
Julie A. Barr
Louise H. Smalley

For and on behalf of the Board of Directors

Euan Sutherland
Chief Executive
24 September 2024

Stuart Lorimer
Finance Director
24 September 2024

GLOSSARY

Non-GAAP measures are provided because they are tracked by management to assess the Group's operating performance and to inform financial, strategic and operating decisions.

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

Definitions of non-GAAP measures used are provided below:

Capital expenditure is a non-GAAP measure and is defined as the cash purchases of property, plant and equipment and is disclosed in the consolidated condensed cash flow statement.

Adjusted profit attributable to equity holders is a non-GAAP measure calculated as adjusted profit attributable to equity holders.

Operating margin (adjusted) is a non-GAAP measure calculated by dividing adjusted operating profit by revenue.

Profit before tax (adjusted) is a non-GAAP measure calculated as reported profit before tax after adjusting items.

Basic EPS (adjusted) is a non-GAAP measure calculated by dividing adjusted profit attributable to equity holders by the weighted average number of shares in issue.

RECONCILIATION OF NON-GAAP MEASURES

Adjusted Consolidated Income Statements

	Six months ended 27 July 2024			Six months ended 30 July 2023			Year ended 28 January 2024		
	Reported £m	Business change projects £m	Adjusted £m	Reported £m	Boost earn-out accrual write back £m	Adjusted £m	Reported £m	Boost earn-out accrual write back £m	Adjusted £m
Revenue	221.3	–	221.3	210.4	–	210.4	400.0	–	400.0
Cost of sales	(132.2)	–	(132.2)	(131.0)	–	(131.0)	(245.8)	–	(245.8)
Gross profit	89.1	–	89.1	79.4	–	79.4	154.2	–	154.2
Operating expenses	(64.8)	4.4	(60.4)	(52.2)	(0.8)	(53.0)	(104.1)	(0.8)	(104.9)
Operating profit	24.3	4.4	28.7	27.2	(0.8)	26.4	50.1	(0.8)	49.3
Finance income	0.8	–	0.8	0.7	–	0.7	1.4	–	1.4
Finance costs	(0.2)	–	(0.2)	(0.1)	–	(0.1)	(0.2)	–	(0.2)
Profit before tax	24.9	4.4	29.3	27.8	(0.8)	27.0	51.3	(0.8)	50.5
Tax on profit	(6.2)	(1.1)	(7.3)	(6.8)	–	(6.8)	(12.8)	–	(12.8)
Profit for the period	18.7	3.3	22.0	21.0	(0.8)	20.2	38.5	(0.8)	37.7

Adjusting entries:
Business change projects – the costs associated with the business change projects involving the closure of Barr Direct operations and the integration of the Boost business.

Boost earn-out reversal – certain conditions associated with the Boost earn-out were not met and as such the earn-out was not be payable in its previous form but was incorporated into employee reward incentives.

RECONCILIATION OF NON-GAAP MEASURES CONTINUED

Operating margin (adjusted)	Six months ended 27 July 2024 £m	Six months ended 30 July 2023 £m	Year ended 28 January 2024 £m
Revenue	**221.3**	210.4	400.0
Adjusted operating profit	**28.7**	26.4	49.3
Operating margin (adjusted)	**13.0%**	12.5%	12.3%

Net cash at bank	£m	£m	£m
Cash and cash equivalents	**17.3**	47.3	33.6
Short-term investments	**32.5**	–	20.0
Bank overdraft	**(6.1)**	–	–
Net cash at bank	**43.7**	47.3	53.6

Basic EPS (adjusted)			
Adjusted profit attributable to equity shareholders of the Company £m	**22.0**	20.2	37.7
Weighted average number of ordinary shares in issue	**110,797,643**	111,288,517	111,289,068
Basic EPS (adjusted)	**19.86p**	18.15p	33.88p

INDEPENDENT REVIEW REPORT TO A.G. BARR P.L.C.

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 27 July 2024 which comprises the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of financial position, the consolidated condensed statement of changes in equity, the consolidated condensed cash flow statement 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 27 July 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.

INDEPENDENT REVIEW REPORT TO A.G. BARR P.L.C.
CONTINUED

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

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
24 September 2024

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BUILDING GREAT BRANDS

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