RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2023

Solid underlying performance with branded businesses performing strongly
Intention that €150m will be distributed to shareholders over the next three fiscal years whilst maintaining leverage target of 1.5x to 2.0x

26 October 2023 | C&C Group plc ('C&C' or the 'Group'), a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits and soft drinks across the UK and Ireland announces results for the six months ended 31 August 2023 ('H1 FY2024').

H1 FY2024 FINANCIAL OVERVIEW

€'m except per share items	**H1 FY2024 €'m**	**H1 FY2023 €'m**	**Change %**
Net revenue(i)	872.5	883.4	(1.2%)
Adjusted EBITDA(i)(ii)	45.9	69.0	(33.5%)
Operating profit (i)(iii)	30.5	53.3	(42.8%)
Operating margin(i)(iii)	3.5%	6.0%	(2.5ppts)
- Branded Operating margin(i)(iii)	14.5%	14.8%	(0.3ppts)
- Distribution Operating margin(i)(iii)	0.8%	4.1%	(3.3ppts)
Basic EPS (cent)	3.2c	9.6c	(66.7%)
Adjusted diluted EPS (cent)(iv)	4.0c	9.5c	(57.9%)
Exceptional charge (pre-tax)	4.0	0.3	1,233.3%
Dividend per share (cent)	1.89c	-	NM
Free cash inflow(iii)(v)	0.7	55.3	(98.7%)
Free cash inflow(iii)(v) (% conversion)	1.5%	78.0%	(76.5ppts)
Net Debt(vi)	189.8	179.7	5.6%
Net Debt(vii) (excluding lease liabilities)	106.7	104.5	2.1%

FINANCIAL SUMMARY

- Net revenue broadly in line with H1 FY2023 despite one-off disruption of the ERP System implementation ('ERP'). Strong performance in branded revenues which increased 6.9%.
- Operating profit of €30.5m(iii), down €22.8m(i) principally driven by a one-off c.€22m ERP impact. The Group's GB distribution business was breakeven in H1 FY2024 despite these challenges.
- Operating profit in the branded business was up 4.6%(i) to €25.2m(iii). Branded margins were solid at 14.5%(iii) as pricing actions offset most of the inflationary impacts on the Group's cost base.
- Net debt(vi) to adjusted EBITDA(ii) of 2.1x is marginally higher than our target range, due to the one-off ERP impact. Group leverage target of 1.5x to 2.0x for February 2024 reaffirmed. Net debt excluding leases(vii) to adjusted EBITDA(ii) was 1.6x in H1 FY2024.

OPERATING HIGHLIGHTS

- Robust performance in Ireland and Scotland. Bulmers and Tennent's delivered revenue growth of 9.1%, maintaining clear market-leading positions(viii)(xii)(xiii).
- Premium beer portfolio recorded revenue growth of 23.1% with volume growth of 16.8%.
- Service levels, defined as On-Time-In-Full ('OTIF'), now restored to pre-ERP implementation levels in GB Distribution business.
- Continued progress in delivering the Group's ESG and sustainability agenda, including the commissioning of a 1 MW heat pump system in our Clonmel site.

DIVIDEND AND CAPITAL RETURNS

- Interim dividend of 1.89 cent per share.
- Reflecting the Board's confidence in the business and its strong cash generation characteristics, the Board intends to distribute up to €150m to shareholders over the next three fiscal years, through dividends and other capital returns as deemed appropriate at the time, while maintaining leverage target[(vi)(ii)] of 1.5x to 2.0x.

OUTLOOK

- Service levels have been restored to pre-ERP implementation levels and our priority in H2 FY2024 will be ensuring we deliver outstanding service to our customers, win back customers and improve operating efficiency.
- Operating environment challenges are expected to persist with continued cost pressure over the next 12 months, before some easing in FY2025, following which we target an increase in branded margins as we continue to take pricing and cost actions and improve operating efficiency.
- We are at an advanced stage of the CFO recruitment process, and we will provide an update in due course.

Patrick McMahon, C&C Group Chief Executive Officer, commented:

"Set against a difficult market backdrop we are pleased with the strength of the performance of our branded businesses in Ireland and Scotland in the period. We have made significant progress in restoring customer service levels following the ERP system implementation issues in our GB distribution business within our planned timeframe. Delivering outstanding service, winning customers, continued business simplification and improved operating efficiency remain our top priorities and focus for the second half. We are also pleased to announce today our intention to distribute up to €150m to shareholders over the next three fiscal years through dividends and capital returns, while maintaining leverage[(vi)(ii)] within our target range of 1.5x to 2.0x."

ENDS

OPERATING REVIEW

GREAT BRITAIN

€m Great Britain Constant currency[i]	H1 FY2024	H1 FY2023	Change %
Net revenue	710.7	733.6	(3.1%)
of which Branded	*111.5*	*104.6*	*6.6%*
- Price / mix impact			10.8%
- Volume impact			(4.2%)
of which Distribution	*588.5*	*615.6*	*(4.4%)*
- Price / mix impact			(4.4%)
- Volume impact			-
of which Co-pack / other	*10.7*	*13.4*	*(20.1%)*
Operating profit [iii]	10.7	34.5	(69.0%)
Operating margin	1.5%	4.7%	(3.2ppts)
of which Branded	*10.7*	*10.3*	*3.9%*
of which Distribution	-	*24.2*	*(100.0%)*
Volume – (kHL)	2,346	2,386	(1.7%)
- of which Tennent’s	497	495	0.4%
- of which Magners	279	320	(12.8%)

As previously communicated, the implementation of a complex ERP system upgrade in our Matthew Clark and Bibendum (‘MCB’) business had a material impact on the performance of the GB distribution business in H1. Net revenue of the Group’s GB distribution business was down 4.4%[i] compared to the prior period, with operating profit down €24.2m[iii]. Approximately €22m was as a direct consequence of the ERP system upgrade issues.

The branded business performed well in H1 FY2024, with net revenue up 6.6%[i] on H1 FY2023 and operating profit up 3.9%[i] to €10.7m[iii], delivering an operating margin of 9.6%.

Brands

Tennent’s outperformed the market in H1 with MAT volumes up 9.1% year-on-year, gaining 4.0ppts share of Scotland’s on-trade beer channel[viii]. Tennent’s share of total on-trade beer in Scotland is now 40.2%[viii]. Investment behind the brand continued in the period. A new brand platform of ‘Raised in Scotland’ led to an investment in an ‘OOOFT!’ campaign which launched in July, across TV, Out of home & digital media channels. The campaign is on track to reach 92% of all Scottish adults at a frequency of 11 times, driving the brands quality credentials via the iconic moment of the first sip of a pint of Tennent’s. We also continued to activate our partnership with the Scottish Rugby Union, in the lead up to and during the Rugby World Cup.

Magners volume was down 12.8% in the period with revenue down 7.9%[i]. Inclement weather disproportionately impacted the overall cider category with volumes down 14.7% in the four-week period to 12 August 2023 compared to the same period last year[ix]. Because of this performance, we will evaluate the levels of brand marketing investment in the cider category in H2 FY2024.

Our Premium beer brands delivered volume growth of 21.0% and net revenue growth of 24.3%[i] in the period. Menebrea volumes were up 29.3% with net revenue growth of 27.3%[i]. Heverlee delivered volume growth of 9.0% and net revenue growth of 16.7%[i] relative to H1 FY2023.

Investment behind our Premium brands continued in the period. In 2023 Menabrea launched its first full above the line advertising campaign with its new 'Italian Alpine Birra' positioning. We also activated first class experiences at Taste Festival, Regents Park and Big Feastival in Kingham, Oxfordshire and hosted three sold out Apericena elevated dining events across the UK. 2023 saw Heverlee champion its skim serve in the 'It's Got the Edge' campaign focused on the brand's heartland in Scotland. The brand also partnered with the Melting Pot Festival in Glasgow, further strengthening a link to credible music and activated sampling around the festival.

Distribution

The implementation of a complex ERP system upgrade in our Matthew Clark and Bibendum ('MCB') business had a material impact on the performance of the GB distribution business in H1. Net revenue of the Group's GB distribution business was down 4.4%(i) relative to the prior period with operating profit down €24.2m(iii) of which c.€22m was as a direct consequence of the ERP system upgrade issues. Encouragingly good progress has been made in resolving those issues, in line with internal expectations and OTIF service levels have now been restored to pre-ERP implementation levels. The Group's focus for H2 is to win market share and customers and improve operating efficiency. As previously communicated, the Group expects a one-off impact of c.€25 million associated with the ERP system disruption in FY2024, of which c.€22m was incurred in H1 FY2024.

From a market perspective, GB on-trade volumes were down 2.6% and value down 1.5% in the half-year to August 2023(x), relative to the comparative period, as cost of living pressures impacted the sector. Demand for spirts has fallen behind pre-pandemic levels with MAT volumes down 2.7% in the GB on-trade compared to the same period four years ago(viii). The cider category in GB on-trade saw an improvement on last year with MAT volumes +4.1% however poor summer weather negatively impacted the category with volumes down 14.7% in the four-week period to 12 August 2023 compared to the same period last year(xi). The beer category experienced growth through the period, with MAT volumes in GB on-trade up 0.6% and value up 5.3%(viii).

International

Our international business has performed satisfactorily in the period, across both beer and cider. We are particularly pleased with progress in Italy, working with our new Tennent's distributor, where we are on track to double our business in this financial year. Tennent's volumes in our international business was up 4% in the period with revenue growth of 13.0%.

Operational

We continue to grow the level of business we conduct through our e-commerce platforms, consistently delivering +70% of our on-trade revenues through online orders. Order values continue to be higher when compared with traditional contact centre orders.

Investment in the sustainability programme at Wellpark, our Glasgow-based manufacturing facility, continued in the period. We have commenced the transition to 18 tonne electric delivery vehicles and will introduce these into our fleet in 2024. Our supplier engagement programme has increased carbon reporting by 50%, as we work towards our Scope 3 reduction target. Our association with the Big Issue continues and several of our colleagues participated in the 3 Peaks Challenge to raise funds on their behalf.

IRELAND

€m Ireland Constant currency[i]	H1 FY2024	H1 FY2023	Change %
Net revenue	161.8	149.8	8.0%
of which Branded	*62.8*	*58.4*	*7.5%*
- Price / mix impact			12.3%
- Volume impact			(4.8%)
of which Distribution	*97.0*	*90.4*	*7.3%*
- Price / mix impact			10.6%
- Volume impact			(3.3%)
of which Co-pack / other	*2.0*	*1.0*	*100.0%*
Operating profit[iii]	19.8	18.8	5.3%
Operating margin	12.2%	12.6%	(0.4ppts)
of which Branded	*14.5*	*13.8*	5.1%
of which Distribution	*5.3*	*5.0*	*6.0%*
Volume – (kHL)	767	800	(4.1%)
- of which Bulmers	188	204	(7.8%)

Completely unaffected by the ERP issues in GB, our Ireland division's net revenue increased by 8.0%[i] in the period to €161.8m. Operating profit up 5.3%[i] year-on-year to €19.8m[iii]. Operating margin decreased slightly by 0.4ppts to 12.2% as inflationary cost pressures outweighed the benefit of pricing actions in the branded business. Distribution margins were flat relative to prior period.

Brands

The summer period in Ireland was challenging from a weather perspective, however despite this Bulmers net revenue increased 6.8%[i] in the period. Sustained investment behind the Bulmers brand continued. Our Bulmers Secret Orchard campaign ramped up in 2023 with close to 20,000 consumers signing up for tickets via our online platform to exclusive Bulmers music events that showcased homegrown Irish talent. This activity ran in conjunction with our brand building 'alchemy' TV ad. We also have further activity planned for H2 FY2024 to ensure Bulmers is top of mind beyond the traditional summer cider months. Our sustained investment programme continues to bear fruit as evidenced by the brand's growth in market share. In ROI, Bulmers MAT total cider volume share is at 59.8% which is up 0.4ppts on prior period[xii][xiii]. The Bulmers brand MAT off-trade cider volume share has grown year-on-year to 57.5%[xiii] which is up significantly on pre COVID-19 levels. Between the on and off-trades, Bulmers clearly remains the largest and most popular cider brand in Ireland[xii][xiii].

Distribution

Aided by both execution of our core agency premium beer brands and pricing actions, Net revenue of the distribution business grew 7.3%[i] relative to the comparative prior period on volumes that were down 3.3%. We were particularly pleased with the performance of Corona where net revenue grew by 22.1%[i] relative to the prior period. Corona is now the No 1 Premium Lager in the ROI off-trade with a market share of 16.2%[xiii]. Within the ROI on-trade we are seeing positive impact from the rollout of Corona Draught[xii]. San Miguel and Five Lamps also performed strongly in ROI on-trade with volume growth of 33% and 16% respectively, albeit from a low base.

Operational Summary

Delivering market-leading customer service is core to the Group's success as a brand-led distributor and we are pleased to note that average OTIF at the end of August 2023 was 98.3% in the Republic of Ireland and 97.7% in Northern Ireland. We continue to see more of our customers ordering online through our ecommerce platform with 83% of our on-trade customers now ordering online in August compared to 81% in February 2023 and 71% twelve months ago.

Building on the work undertaken in previous years to reduce our Clonmel manufacturing site's energy usage, a 1 MW heat pump system was commissioned in our Clonmel site in H1. We estimate that it will reduce the site's gas consumption by 40% and reduce our CO2 emissions by 1,800 tonnes per annum. We also announced an extension of the Group's long association with Inner City Enterprise, the not-for-profit charity advising and assisting unemployed people in Dublin's inner city to set up their own business or create their own self-employment.

Notes to Operating Review are set out below

i. On a constant currency basis; H1 FY2023 comparative adjusted for constant currency (H1 FY2023 translated at H1 FY2024 FX rates) as outlined on pages 10-11.
ii. Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation and amortisation. A reconciliation of the Group's operating profit to adjusted EBITDA is set out on page 9.
iii. Before exceptional items.
iv. Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please see note 5 of the Condensed Consolidated Financial Statements.
v. Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €121.7m (FY2023 H1: €109.7m as reported or €110.0m on a constant currency basis). A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 9.
vi. Net debt, including the impact of IFRS 16, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Please see note 8 of the Condensed Consolidated Financial Statements.
vii. Net debt is net debt excluding the impact of IFRS 16 lease liabilities. Please see note 8 of the Condensed Consolidated Financial Statements.
viii. CGA OPM 52 weeks to 12.08.2023.
ix. CGA OPM 4 weeks to 12.08.2023.
x. CGA OPM 2023 Period 2 to period 8 (29.01.2023 to 12.08.2023).
xi. CGA OPM 12 weeks to 12.08.2023.
xii. CGA OPM 52 weeks to 31.08.2023.
xiii. NielsenIQ 52 weeks to 10.09.2023.

Conference Call & Webcast Details | Analysts & Institutional Investors

C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 26 October 2023, at 08:30 BST (03:30 ET). Dial-in details are below for the conference call.

Conference Call:
Ireland: +353 (0) 1 436 0959
UK: +44 (0)33 0551 0200
USA: +1 786 697 3501

Passcode: Please quote 'C&C H1' when prompted.

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

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

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About C&C Group plc

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

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

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

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on page 12 that could cause actual results to differ materially from those anticipated.

Financial review

A summary of results for the six months ended 31 August 2023 is set out in the table below:

	Period ended 31 August 2023 (i)	Period ended 31 August 2022(i)	CC Period ended 31 August 2022(i)(ii)
	€m	€m	€m
Net revenue	**872.5**	903.0	883.4
Operating profit	**30.5**	54.9	53.3
Net finance costs	**(9.7)**	(7.5)	
Profit before tax	**20.8**	47.4	
Income tax expense	**(4.9)**	(10.0)	
Profit for the financial period	**15.9**	37.4	
Basic EPS	**3.2 cent**	9.6 cent	
Adjusted basic EPS(vii)	**4.1 cent**	9.6 cent	
Diluted EPS	**3.2 cent**	9.5 cent	
Adjusted diluted EPS(iii)	**4.0 cent**	9.5 cent	

Net revenue decreased 3.4% on a reported basis or 1.2% on a constant currency basis to €872.5m reflecting the previously communicated issues regarding the one-off impact associated with the Enterprise Resource Planning ('ERP') system implementation disruption in the Group's GB distribution business. The operating profit of the Group, before exceptional items, for the six-month period to 31 August 2023 was €30.5m compared to €54.9m in the prior period.

The Group maintains a robust liquidity(vi) position with available liquidity(vi) of €341.6m at 31 August 2023 (31 August 2022: €486.4m). The net debt: Adjusted EBITDA (12 month trailing) ratio was 2.1x. The Group's financial covenants are calculated on a pre-IFRS 16 *Leases* basis, and the outcomes for these at 31 August 2023 were the net debt (excluding leases): Adjusted EBITDA (12 month trailing) ratio was 1.6x and interest cover (12 month trailing) was 4.6x.

Basic EPS has decreased by 66.7% compared to the same prior financial period, with adjusted diluted EPS decreasing by 57.9%.

Finance costs, income tax and shareholder returns

Net finance charges before exceptional items of €9.7m (31 August 2022: €7.5m) were incurred in the six months ended 31 August 2023. Of the €9.7m net finance cost, €2.3m relates to the Group's debtor securitisation facility (31 August 2022: €1.3m), €1.8m relates to USPP notes (31 August 2022: €1.6m), €2.3m relates to the Group's main bank lending facilities (31 August 2022: €0.9m), €1.6m relates to lease interest (31 August 2022: €1.5m), €0.9m relates to amortisation of prepaid issue costs (31 August 2022: €0.4m) and €0.8m relates to other interest costs (31 August 2022: €1.8m).

Exceptional finance charges of €1.0m (31 August 2022: €2.0m) were also incurred in the current financial period being finance charges directly associated with increased utilisation of the Group's debtor securitisation facility as a consequence of increased cash requirements from the impact associated with the ERP system implementation disruption in the Group's GB distribution business. The Group also recorded €0.1m (31 August 2022: €0.1m) of exceptional finance income with respect to interest earned on the promissory notes which were a component of the consideration on disposal of the Group's US subsidiary, Vermont Hard Cider Company.

Income tax expense for the period, excluding the impact of exceptional items, was €4.9m (31 August 2022: €10.0m). The income tax credit with respect to exceptional items was €0.8m (31 August 2022: credit €0.3m). In line with IAS 34 Interim Financial Reporting the effective tax rate for the period ended 31 August 2023 was 23.6% (31 August 2022: 21.1%). The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations. The increase in UK corporation tax rates effective from April 2023 has also had an impact on the tax charge.

The Board declared a full and final dividend of 3.79 cent per share for the financial year ended 28 February 2023, representing a pay-out of 28.3% of the full year reported FY2023 adjusted diluted EPS(iii). The dividend was paid to shareholders on 21 July 2023 and the full distribution of €14.9m was settled in cash. Due to the impact of COVID-19, total dividends for the prior financial year were €nil.

The Board has declared an interim dividend of 1.89 cent per share for the financial year ending 29 February 2024. Payment will be on 1 December 2023 to ordinary shareholders registered at the close of business on 10 November 2023. Using the number of shares in issue at 31 August 2023 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €7.5m. There is no scrip dividend alternative proposed.

Exceptional items
The Group has incurred an exceptional charge on a before tax basis of €4.0m in the current financial period. This includes €1.0m of exceptional finance charges and €0.1m of exceptional finance income as outlined above.

The Group wrote off a balance of €0.5m associated with the Deposit Return Scheme in Scotland, following the announcement by the Scottish Government in June 2023 that the scheme would be delayed until at least October 2025. In addition, the Group incurred €2.0m of costs related to David Forde stepping down as Group Chief Executive Officer, in line with his service agreement and the Directors' Remuneration Policy approved by shareholders at the Annual General Meeting in July 2021. Further details will be set out in the 2024 Annual Report. The Group also recognised a charge of €0.6m in the current financial period in relation to restructuring costs.

Cashflow
Summary cash flow for the six months ended 31 August 2023 is set out in the table below. Reflecting the previously communicated issues regarding the one-off impact associated with the ERP system implementation disruption in the Group's GB distribution business, there was free cash outflow of €0.7m pre-exceptional and a related free cash flow conversion of 1.5%.

The increase in the Group's receivables purchase programme, as a direct consequence of increased cash requirements related to the one-off impact associated with the ERP system implementation disruption in the Group's GB distribution business, is a key factor in minimising the working capital outflow in the period. The contribution to period end Group cash from the receivables purchase programme was €121.7m compared to €94.1m (€95.2m on a constant currency basis) at 28 February 2023 – a cash inflow of €26.5m on a constant currency basis in the six month period to 31 August 2023.

	Six months ended 31 August 2023 €m	Six months ended 31 August 2022 €m
Operating profit	**27.4**	54.8
Exceptional items	**3.1**	0.1
Operating profit before exceptional items	**30.5**	54.9
Amortisation and depreciation charge	**15.4**	16.0
Adjusted EBITDA(iv)	**45.9**	70.9
Cash flow summary		
Adjusted EBITDA(iv)	**45.9**	70.9
Tangible / intangible net expenditure	**(12.4)**	(7.6)
Advances to customers	**(0.9)**	2.0
Working capital movement	**(20.2)**	(0.9)
Income taxes paid	**(2.9)**	(3.4)
Exceptional items paid	**(3.2)**	(0.8)
Net finance costs paid	**(9.0)**	(7.3)
Exceptional finance costs paid	**(1.0)**	(2.3)
Pension contributions paid	**(0.2)**	-
Other*	**0.4**	1.6
Free Cash Flow(v)	**(3.5)**	52.2
Free Cash Flow(v) exceptional cash outflow	***4.2***	*3.1*
Free Cash Flow(v) excluding exceptional cash outflow	**0.7**	55.3
Reconciliation to Condensed Consolidated Cash Flow Statement		
Free Cash Flow(v)	***(3.5)***	*52.2*
Proceeds from sale of business	***-***	*0.7*
Proceeds from sale of asset held for sale	***-***	*42.8*
Dividends paid	***(14.9)***	*-*
Payment of lease liabilities	***(10.9)***	*(11.1)*
Drawdown of debt	***10.0***	*38.5*
Payment of debt issue costs	***(2.3)***	*-*
Repayment of debt	***-***	*(56.6)*
Net (decrease)/increase in cash	***(21.6)***	*66.5*

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

Pensions

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

At 31 August 2023, the Group is reporting a retirement benefit surplus of €37.8m (31 August 2023 net surplus: €45.0m, 28 February 2023 net surplus: €42.2m). All schemes are closed to new entrants. There are 2 active members in the Northern Ireland ('NI') scheme and 45 active members (less than 10% of total membership) in the Republic of Ireland ('ROI') schemes. The Group has an approved funding plan in place, the details of which are disclosed in Note 11 of the Condensed Consolidated Interim Financial Statements. The most recent actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 2021 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2020.

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

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

	€m
Net surplus at 28 February 2023	**42.2**
Employer contributions paid	**0.2**
Current service cost	**(0.2)**
Net interest cost on scheme liabilities/assets	**0.9**
Experience gains and losses on scheme liabilities	**(1.9)**
Effect of changes in financial assumptions	**(2.7)**
Actual return less Interest income on scheme assets	**(0.8)**
Translation adjustment	**0.1**
Pension surplus at 31 August 2023	**37.8**

The decrease in the net surplus of the Group's defined benefit pension schemes from the 28 February 2023 to 31 August 2023, as computed in accordance with IAS 19 *Employee Benefits* is due to an increase in liabilities due to a marginal decrease in bond yields over the six-month period and as well as experience losses.

Foreign currency and comparative reporting

		Six month period ended 31 August 2023	Six month period ended 31 August 2022
Translation exposure	EUR:GBP	0.868	0.846
	EUR:USD	1.089	1.055

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

The impact of restating currency exchange rates on the results for the period ended 31 August 2022 is as follows:

	Period ended 31 August 2022 €m	FX Transaction €m	FX Translation €m	Period ended 31 August 2022 Constant currency comparative €m
Revenue				
Ireland	209.9	-	(1.0)	208.9
Branded	*85.5*	-	*(0.5)*	*85.0*
Distribution	*122.6*	-	*(0.5)*	*122.1*
Co-pack/ Other	*1.8*	-	-	*1.8*
Great Britain	891.3	-	(22.4)	868.9
Branded	*169.0*	-	*(4.1)*	*164.9*
Distribution	*707.3*	-	*(18.0)*	*689.3*
Co-pack/Other	*15.0*	-	*(0.3)*	*14.7*
Total	**1,101.2**	**-**	**(23.4)**	**1,077.8**
Net revenue				
Ireland	150.7	-	(0.9)	149.8
Branded	*58.7*	-	*(0.3)*	*58.4*
Distribution	*90.8*	-	*(0.4)*	*90.4*
Co-pack/ Other	*1.2*	-	*(0.2)*	*1.0*
Great Britain	752.3	-	(18.7)	733.6
Branded	*107.1*	-	*(2.5)*	*104.6*
Distribution	*631.8*	-	*(16.2)*	*615.6*
Co-pack/Other	*13.4*	-	-	*13.4*
Total	**903.0**	**-**	**(19.6)**	**883.4**
Operating profit(i)				
Ireland	19.0	(0.1)	(0.1)	18.8
Branded	*14.0*	*(0.1)*	*(0.1)*	*13.8*
Distribution	*5.0*	-	-	*5.0*
Great Britain	35.9	(0.3)	(1.1)	34.5
Branded	*10.7*	-	*(0.4)*	*10.3*
Distribution	*25.2*	*(0.3)*	*(0.7)*	*24.2*
Total	**54.9**	**(0.4)**	**(1.2)**	**53.3**

Notes to the Finance Review are set out below.

(i) Before exceptional items.
(ii) H1 FY2023 comparative adjusted for constant currency (H1 FY2023 translated at H1 FY2024 FX rates) as outlined on pages 10-11.
(iii) Adjusted diluted earnings per share ('EPS') exclude exceptional items, as outlined in Note 5 of the Group's Condensed Consolidated Interim Financial Statements.
(iv) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' profit/(loss) after tax. A reconciliation of the Group's operating profit to adjusted EBITDA is set out on page 9.
(v) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €121.7m (28 February 2023: €94.1m; 31 August 2022: €109.7m) to cash in the period. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 9.
(vi) Liquidity is defined as cash plus undrawn amounts under the Group's revolving credit facility.
(vii) Adjusted basic earnings per share ('EPS') exclude exceptional items, as outlined in Note 5 of the Group's Condensed Consolidated Interim Financial Statements.

Principal risks and uncertainties

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

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year, other than those noted below, remain substantially the same as those stated on pages 32 to 38 of the Group's Annual Financial Statements for the year ended 28 February 2023, which are available on the Group's website, http://www.candcgroupplc.com.

Directors' responsibility statement in respect of the half-yearly financial report for the six months ended 31 August 2023

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

- the condensed set of financial statements comprising the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related notes have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R,
  - being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and,
  - a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R,
  - being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Group during that period; and,
  - any changes in the related party transactions described in the last Group Annual Financial Statements that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

The Directors of C&C Group plc, and their functions, are listed in the Group's Annual Financial Statements for the year ended 28 February 2023, with the exception of the following changes:

- Helen Pitcher stepped down as Independent Non-Executive Director on 13 July 2023;
- Jim Thompson stepped down as Independent Non-Executive Director on 13 July 2023;
- Angela Bromfield was appointed as Independent Non-Executive Director on 13 July 2023;
- Sarah Newbitt was appointed as Independent Non-Executive Director on 31 August 2023; and
- Chris Browne was appointed as Independent Non-Executive Director on 2 October 2023.

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

On behalf of the Board

R. Findlay
Executive Chair

P. McMahon
Group Chief Executive Officer

26 October 2023

Condensed Consolidated Income Statement
for the six months ended 31 August 2023

		Six months ended 31 August 2023 (unaudited)			Six months ended 31 August 2022 (unaudited)		
	Notes	**Before exceptional items €m**	**Exceptional items (Note 4) €m**	**Total €m**	Before exceptional items €m	Exceptional items (Note 4) €m	Total €m
Revenue	2	**1,058.1**	**-**	**1,058.1**	1,101.2	-	1,101.2
Excise duties		**(185.6)**	**-**	**(185.6)**	(198.2)	-	(198.2)
Net revenue	2	**872.5**	**-**	**872.5**	903.0	-	903.0
Operating costs		**(842.0)**	**(3.1)**	**(845.1)**	(848.1)	(0.1)	(848.2)
Group operating Profit	2	**30.5**	**(3.1)**	**27.4**	54.9	(0.1)	54.8
Profit on disposal	4	**-**	**-**	**-**	-	1.7	1.7
Finance income		**-**	**0.1**	**0.1**	-	0.1	0.1
Finance expense		**(9.7)**	**(1.0)**	**(10.7)**	(7.5)	(2.0)	(9.5)
Profit before tax		**20.8**	**(4.0)**	**16.8**	47.4	(0.3)	47.1
Income tax (expense)/credit	3	**(4.9)**	**0.8**	**(4.1)**	(10.0)	0.3	(9.7)
Group profit for the financial period attributable to equity shareholders		**15.9**	**(3.2)**	**12.7**	37.4	-	37.4
Basic earnings per share (cent)	5			**3.2c**			9.6c
Diluted earnings per share (cent)	5			**3.2c**			9.5c

All of the results are related to continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 August 2023

	Notes	**Six months ended 31 August 2023 (unaudited)**	Six months ended 31 August 2022 (unaudited)
		€m	€m
Other comprehensive income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations		**10.1**	(10.1)
Foreign currency recycled on disposal of equity accounted investment		**-**	(1.0)
(Loss)/gain relating to cash flow hedges		**(0.6)**	0.8
Deferred tax liability relating to cash flow hedges		**-**	(0.2)
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial (loss)/gain on retirement benefits	11	**(5.4)**	7.5
Deferred tax credit/(charge) on actuarial (loss)/gain on retirement benefits		**0.7**	(0.6)
Net gain/(loss) recognised directly within Other Comprehensive Income		**4.8**	(3.6)
Group profit for the financial period		**12.7**	37.4
Total comprehensive income for the financial period		**17.5**	33.8

Condensed Consolidated Balance Sheet
as at 31 August 2023

	Notes	As at 31 August 2023 (unaudited) €m	As at 31 August 2022 (unaudited) €m	As at 28 February 2023 (audited) €m
ASSETS				
Non-current assets				
Property, plant & equipment	6	**226.0**	207.4	210.3
Goodwill & intangible assets	7	**649.5**	649.1	645.5
Equity accounted investments/financial assets		**1.4**	1.3	1.3
Retirement benefits	11	**37.8**	45.0	42.2
Deferred tax assets		**24.3**	22.8	25.0
Derivative financial assets		**5.3**	5.4	5.6
Trade & other receivables		**42.6**	35.9	38.0
		986.9	966.9	967.9
Current assets				
Inventories		**192.3**	174.4	174.9
Trade & other receivables		**265.1**	256.6	164.1
Current income tax assets		**1.5**	-	0.7
Cash		**96.6**	131.8	115.3
		555.5	562.8	455.0
Assets held for sale		**-**	21.3	-
		555.5	584.1	455.0
TOTAL ASSETS		**1,542.4**	1,551.0	1,422.9
EQUITY				
Equity share capital		**4.0**	4.0	4.0
Share premium		**347.2**	347.2	347.2
Other reserves		**90.7**	89.0	80.3
Treasury shares		**(33.9)**	(35.4)	(34.1)
Retained income		**334.9**	329.6	341.8
Total Equity		**742.9**	734.4	739.2
LIABILITIES				
Non-current liabilities				
Lease liabilities		**63.8**	57.2	57.1
Interest bearing loans & borrowings	8	**204.0**	237.2	100.0
Provisions		**5.0**	3.7	4.9
Deferred tax liabilities		**35.5**	31.5	34.2
Derivative financial liabilities		**0.4**	-	-
		308.7	329.6	196.2
Current liabilities				
Lease liabilities		**19.3**	18.0	16.7
Trade & other payables		**466.9**	459.1	370.7
Interest bearing loans & borrowings	8	**(0.7)**	(0.9)	94.2
Provisions		**5.3**	4.3	5.4
Current income tax liabilities		**-**	6.5	0.5
		490.8	487.0	487.5
Total liabilities		**799.5**	816.6	683.7
TOTAL EQUITY & LIABILITIES		**1,542.4**	1,551.0	1,422.9

Condensed Consolidated Cash Flow Statement
for the six months ended 31 August 2023

	Notes	**Six months ended 31 August 2023 (unaudited) €m**	Six months ended 31 August 2022 (unaudited) €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group profit for the financial period		**12.7**	37.4
Finance income		**(0.1)**	(0.1)
Finance expense		**10.7**	9.5
Income tax expense	**3**	**4.1**	9.7
Profit on disposal of asset held for sale	**4**	**-**	(1.0)
Depreciation of property, plant & equipment	**6**	**14.2**	14.8
Amortisation of intangible assets	**7**	**1.2**	1.2
Profit on disposal of a subsidiary	**4**	**-**	(0.7)
Net profit on disposal of property, plant & equipment	**6**	**(0.1)**	-
Charge for equity settled share-based payments		**1.1**	1.6
Pension charged to Income Statement less contributions paid	**11**	**(0.9)**	(0.1)
		42.9	72.3
Increase in inventories		**(14.8)**	(9.6)
Increase in trade & other receivables		**(101.1)**	(73.2)
Increase in trade & other payables		**95.0**	87.4
Decrease in provisions		**(0.2)**	(4.1)
		21.8	72.8
Interest and similar costs paid		**(10.0)**	(9.6)
Income taxes paid		**(2.9)**	(3.4)
Net cash inflow from operating activities		**8.9**	59.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	**6**	**(12.2)**	(5.5)
Purchase of intangible assets	**7**	**(0.3)**	(2.1)
Sale of business	**4**	**-**	0.7
Net proceeds on disposal of asset held for sale	**4**	**-**	42.8
Net proceeds on disposal of property, plant & equipment	**6**	**0.1**	-
Net cash (outflow)/inflow from investing activities		**(12.4)**	35.9
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	**13**	**(14.9)**	-
Drawdown of debt		**10.0**	38.5
Repayment of debt		**-**	(56.6)
Payment of debt issue costs		**(2.3)**	-
Payment of lease liabilities		**(10.9)**	(11.1)
Net cash outflow from financing activities		**(18.1)**	(29.2)
Net (decrease)/increase in cash		**(21.6)**	66.5
Reconciliation of opening to closing cash			
Cash at beginning of year		**115.3**	64.7
Translation adjustments		**2.9**	0.6
Net (decrease)/increase in cash		**(21.6)**	66.5
Cash at end of period		**96.6**	131.8

A reconciliation of Net Debt is presented in Note 9.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 August 2023

	Equity share capital	Share premium	Other capital reserves	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2023	4.0	347.2	25.8	1.1	5.3	33.9	14.2	(34.1)	341.8	739.2
Profit for the financial period	-	-	-	-	-	-	-	-	12.7	12.7
Other comprehensive income/(expense)	-	-	-	(0.6)	-	10.1	-	-	(4.7)	4.8
Total comprehensive income	-	-	-	(0.6)	-	10.1	-	-	8.0	17.5
Dividend on ordinary shares									(14.9)	(14.9)
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.2	(0.2)	-
Equity settled share-based payments	-	-	-	-	1.1	-	-	-	-	1.1
Total transactions with owners	-	-	-	-	0.9	-	-	0.2	(14.9)	(13.8)
At 31 August 2023	4.0	347.2	25.8	0.5	6.2	44.0	14.2	(33.9)	334.9	742.9

Condensed Consolidated Statement of Changes in Equity - continued
for the financial year ended 28 February 2023

	Equity share capital	Share premium	Other capital reserves	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 1 March 2022	4.0	347.2	25.8	(0.1)	4.4	53.3	14.9	(36.0)	285.5	699.0
Profit for the financial period	-	-	-	-	-	-	-	-	37.4	37.4
Other comprehensive income	-	-	-	0.6	-	(11.1)	-	-	6.9	(3.6)
Total comprehensive income	-	-	-	0.6	-	(11.1)	-	-	44.3	33.8
Reclassification of share-based payments reserve	-	-	-	-	(0.4)	-	-	-	0.4	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.6	(0.6)	-
Equity settled share-based payments	-	-	-	-	1.6	-	-	-	-	1.6
Total transactions with owners	-	-	-	-	1.2	-	-	0.6	(0.2)	1.6
At 31 August 2022	4.0	347.2	25.8	0.5	5.6	42.2	14.9	(35.4)	329.6	734.4
Profit for the financial period	-	-	-	-	-	-	-	-	14.5	14.5
Other comprehensive income/(expense)	-	-	-	0.6	-	(8.3)	(0.7)	-	(2.2)	(10.6)
Total comprehensive income	-	-	-	0.6	-	(8.3)	(0.7)	-	12.3	3.9
Reclassification of share-based payments reserve	-	-	-	-	(1.2)	-	-	-	1.2	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	1.3	(1.3)	-
Equity settled share-based payments	-	-	-	-	0.9	-	-	-	-	0.9
Total transactions with owners	-	-	-	-	(0.3)	-	-	1.3	(0.1)	0.9
At 28 February 2023	4.0	347.2	25.8	1.1	5.3	33.9	14.2	(34.1)	341.8	739.2

Notes to the Condensed Consolidated Interim Financial Statements
for the six months ended 31 August 2023

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Condensed Consolidated Interim Financial Statements are consistent with the recognition and measurement requirements of IFRS as endorsed by the EU Commission and those set out in the Consolidated Financial Statements for the year ended 28 February 2023 and as described in those Financial Statements on pages 154 to 169, except for the adoption of new standards, interpretations and standard amendments effective as of 1 March 2023.

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

The following new standards, interpretations and standard amendments became effective for the Group as of 1 March 2023:

- IFRS 17 *Insurance Contracts*;
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

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

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

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 28 February 2023 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRS). The accounting policies and methods of computation and presentation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 28 February 2023.

The interim financial information for both the six months ended 31 August 2023 and the comparative six months ended 31 August 2022 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2023 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

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

	Six months to 31 August 2023	Six months to 31 August 2022	Year ended 28 February 2023
Balance Sheet (Euro:Sterling closing rate)	**0.857**	0.860	0.877
Income Statement (Euro:Sterling average rate)	**0.868**	0.846	0.860
Balance Sheet (Euro:USD closing rate)	**1.087**	1.000	1.0619
Income Statement (Euro:USD average rate)	**1.089**	1.055	1.0438

Going concern
The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report. Liquidity of the Group, defined as cash and undrawn credit facilities, as at 31 August 2023 was €341.6m.

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

2. Segmental analysis

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, spirits and soft drinks. Two operating segments have been identified in the current and prior financial period: Ireland and Great Britain.

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

The identified business segments are as follows:

(i) Ireland

This segment includes the financial results from sale of the Group's own branded products across the island of Ireland, principally Bulmers, Magners, Tennent's, Five Lamps, Clonmel 1650, Heverlee, Dowd's Lane, Finches and Tipperary Water. The Group also operates the Bulmers Ireland drinks distribution business, a leading distributor of third-party drinks to the licenced on and off-trades in Ireland. The Group distributes San Miguel and Budweiser Brewing Group's portfolio of beer brands across the island of Ireland on an exclusive basis. The Group's primary manufacturing plant in this segment is located in Clonmel, Co. Tipperary, with major distribution and administration centres in Dublin and Culcavy, Northern Ireland.

(ii) Great Britain (GB)

This segment includes the financial results from the sale of the Group's own branded products in Scotland, with Tennent's, Caledonia Best and Heverlee being the main brands. This division includes the sale of the Group's portfolio of owned cider brands across the rest of GB, including Magners, Orchard Pig, K Cider and Blackthorn which are distributed in partnership with Budweiser Brewing Group. The Group's primary manufacturing plant in this segment is the Wellpark Brewery in Glasgow, with major distribution and administration centres in Glasgow, Bristol and London.

The division includes Tennent's Direct, Scotland's leading drinks distributor which serves the Scottish on-trade with an unrivalled range of drinks led by beer and cider, and includes exclusive distribution of Moët Hennessy products, such as Moët and Glenmorangie, and UK distribution of international brands Tsingtao and Menabrea.

The segment includes the financial results from Matthew Clark, the largest independent distributor to the GB on-trade drinks sector. Matthew Clark delivers a market-leading composite drinks range across Wine, Spirits, beer, cider, and softs including a number of exclusive distribution agreements with wine producers and third-party brands.

In addition, it includes Bibendum, the UK's leading independent wine specialist servicing customer across the on-trade, independent retail (through Walker & Wodehouse) and off-trade nationwide. Bibendum has a portfolio of market-leading premium wines from a selection of exclusive, globally recognised, artisan and innovative wine producers.

The Group's Tennent's Direct, Matthew Clark and Bibendum distribution businesses operate a nationwide distribution network serving the independent free trade, national accounts, independent retail and off-trade customers.

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

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

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

(a) Analysis by reporting segment

	Six months to 31 August 2023			Six months to 31 August 2022		
	Revenue	**Net revenue**	**Operating profit/(loss)**	Revenue	Net revenue	Operating profit/(loss)
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**217.9**	**161.8**	**19.8**	209.9	150.7	19.0
Great Britain	**840.2**	**710.7**	**10.7**	891.3	752.3	35.9
Total before exceptional items	**1,058.1**	**872.5**	**30.5**	1,101.2	903.0	54.9
Exceptional items (Note 4)	**-**	**-**	**(3.1)**	-	-	(0.1)
Group operating profit	**-**	**-**	**27.4**	-	-	54.8
Profit on disposal	**-**	**-**	**-**	-	-	1.7
Finance income	**-**	**-**	**0.1**	-	-	0.1
Finance expense	**-**	**-**	**(9.7)**	-	-	(7.5)
Finance expense exceptional items	**-**	**-**	**(1.0)**	-	-	(2.0)
	1,058.1	**872.5**	**16.8**	1,101.2	903.0	47.1

Of the exceptional items in the current financial period, €nil charge relates to Ireland (31 August 2022: €0.2m credit), €1.1m charge relates to Great Britain (31 August 2022: €0.3m charge) and €2.0m was unallocated as it did not relate to any particular segment (31 August 2022: €nil).

The profit on disposal of €1.7m in the prior financial period consisted of €1.0m relating to the disposal of Admiral Taverns within the Great Britain operating segment and €0.7m further consideration received in relation to the disposal of the Group's non-core Tipperary Water Cooler business in FY2021 attributable to the Ireland operating segment.

(b) Geographical analysis of non-current assets

	Ireland	**Great Britain**	**International**	**Total**
	€m	**€m**	**€m**	**€m**
31 August 2023				
Property, plant & equipment	**77.2**	**141.6**	**7.2**	**226.0**
Goodwill & intangible assets	**156.7**	**467.6**	**25.2**	**649.5**
Equity accounted investments/financial assets	**0.7**	**0.5**	**0.2**	**1.4**
Total	**234.6**	**609.7**	**32.6**	**876.9**

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

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

(c) Disaggregated net revenue

In the following table, net revenue is disaggregated by principal activities and products.

Principal activities and products – Net revenue

	Ireland	Great Britain	Total
31 August 2023	**€m**	**€m**	**€m**
Branded*	**62.8**	**111.5**	**174.3**
Distribution**	**97.0**	**588.5**	**685.5**
Co pack/Other	**2.0**	**10.7**	**12.7**
Net revenue	**161.8**	**710.7**	**872.5**

* Branded is defined as being brands either fully owned by C&C or sold by C&C as part of a long-term distribution deal, whereby C&C are responsible for the marketing as well as sale of the brand in the associated geography.
** Distribution is defined as third-party brands sold through the Group's distribution businesses and brands where C&C act as an exclusive agent for a brand in a specific geography.

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

* Branded is defined as being brands either fully owned by C&C or sold by C&C as part of a long-term distribution deal, whereby C&C are responsible for the marketing as well as sale of the brand in the associated geography.
** Distribution is defined as third-party brands sold through the Group's distribution businesses and brands where C&C act as an exclusive agent for a brand in a specific geography.

Cyclicality of interim results

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

3. Income tax expense

Income tax expense for the period, excluding the impact of exceptional items, was €4.9m (31 August 2022: €10.0m). The income tax credit with respect to exceptional items was €0.8m (31 August 2022: credit €0.3m).

In line with IAS 34 Interim Financial Reporting the effective tax rate for the period ended 31 August 2023 was 23.6% (31 August 2022: 21.1%). The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations. The increase in UK corporation tax rates effective from April 2023 has also had an impact on the tax charge.

4. Exceptional items

	Six months to 31 August 2023	Six months to 31 August 2022
	€m	€m
Operating costs		
COVID-19 (a)	**-**	0.4
Restructuring costs (b)	**(0.6)**	(0.6)
Other (c)	**(2.5)**	0.1
Operating loss exceptional items	**(3.1)**	(0.1)
Profit on disposal (d)	**-**	1.7
Finance income (e)	**0.1**	0.1
Finance charges (f)	**(1.0)**	(2.0)
Loss before tax	**(4.0)**	(0.3)
Income tax credit (g)	**0.8**	0.3
Total loss after tax	**(3.2)**	-

(a) COVID-19
The Group continues to account for the ongoing effect of COVID-19 as an exceptional item and, in that regard, in the prior financial period realised an exceptional credit of €0.4m from operating activities. In the prior financial period, the Group reviewed the recoverability of its debtor book and booked a credit of €0.4m with respect to its provision against trade debtors.

(b) Restructuring costs
The Group incurred costs of €0.6m in relation to redundancy costs in the current financial period (31 August 2022: €0.6m).

(c) Other
In the current financial period, the Group wrote off balances of €0.5m associated with the Deposit Return Scheme in Scotland, following the announcement by the Scottish Government in June 2023 that the scheme would be delayed until at least October 2025. In addition, the Group incurred €2.0m of costs related to David Forde stepping down as Group Chief Executive Officer, in line with his service agreement and the Directors' Remuneration Policy approved by shareholders at the Annual General Meeting in July 2021. Further details will be set out in the 2024 Annual Report. During the prior financial period, the Group released €0.1m of legal costs previously provided as it was concluded that a proportion of these costs would no longer be required.

(d) Profit on disposal
Admiral Taverns was classified as an asset held for sale in FY2022 and during the prior financial year, the Group completed the sale this asset held for sale to Proprium Capital Partners for a total consideration of €63.6m (£55.0m), in three tranches. The sale of the first two tranches was completed by 31 August 2022 and realised a profit on disposal of €1.0m, but this reduced to a profit on disposal of €0.4m by 28 February 2023 with the disposal of the third and final tranche.

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

(e) Finance income exceptional items
The Group earned finance income of €0.1m in the current financial period (31 August 2022: €0.1m) relating to promissory notes issued as part of the disposal of the Group's subsidiary Vermont Hard Cider Company in FY2022.

(f) Finance expense exceptional items
In the current period, the Group incurred costs of €1.0m directly associated with increased utilisation of the Group's debtor securitisation facility as a consequence of increased cash requirements from the impact associated with the ERP system implementation disruption in the Group's GB distribution business.

In the prior financial period, the Group incurred costs of €2.0m directly associated with the covenant waivers secured due to the impact of COVID-19. These costs included waiver fees, increased margins payable and other professional fees associated with the covenant waivers.

(g) Income tax credit
The tax credit in the current financial period with respect to exceptional items was €0.8m (31 August 2022: credit €0.3m).

5. Earnings per ordinary share

Denominator computations

	31 August 2023 Number '000	31 August 2022 Number '000
Number of shares at beginning of period	**402,007**	401,914
Number of shares at end of period	**402,007**	401,914
Weighted average number of ordinary shares, excluding treasury shares (basic)	**391,878**	391,268
Adjustment for the effect of conversion of options	**2,010**	1,560
Weighted average number of ordinary shares, including options (diluted)	**393,888**	392,828

Profit for the period attributable to ordinary shareholders

	Six months to 31 August 2023 €m	Six months to 31 August 2022 €m
Profit attributable to equity holders of the parent	**12.7**	37.4
Adjustments for exceptional items, net of tax (Note 4)	**3.2**	-
Earnings as adjusted for exceptional items, net of tax	**15.9**	37.4

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**3.2**	9.6
Adjusted basic earnings per share	**4.1**	9.6
Diluted earnings per share		
Diluted earnings per share	**3.2**	9.5
Adjusted diluted earnings per share	**4.0**	9.5

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (31 August 2023: 10.1m shares; 31 August 2022: 10.5m shares, 28 February 2023: 10.2m shares).

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

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied at the end of the reporting period. If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period. Contingently issuable shares excluded from the calculation of diluted earnings per share totalled 156,699 at 31 August 2023 (156,699: 31 August 2022).

6. Property, plant & equipment

Acquisitions and disposals

During the current financial period, the Group acquired assets of €6.7m (31 August 2022 total additions: €4.3m). Total cash outflow in the period in relation to the purchase of property, plant & equipment amounted to €12.2m (31 August 2022 total cash outflow: €5.5m) – the cash flows being greater than the additions as a result of a decrease in accruals relating to capital expenditure. Additionally, during the current financial period, €1.5m of assets were reclassified from Other intangible assets to Property, plant and equipment.

In the current financial period, the Group disposed of assets from the Wellpark site with a net book value of €nil, for net cash proceeds of €0.1m and realised a profit of €0.1m on the disposal. In the prior financial period, the Group disposed of no Property, plant and equipment.

The Group's depreciation charge for six months to 31 August 2023 amounted to €14.2m (31 August 2022: €14.8m).

Impairment

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

7. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2022	606.3	326.4	43.2	975.9
Additions	-	-	2.1	2.1
Translation adjustment	(4.7)	(3.2)	(0.4)	(8.3)
At 31 August 2022	601.6	323.2	44.9	969.7
Additions	-	-	3.0	3.0
Translation adjustment	(3.0)	(2.1)	(0.2)	(5.3)
At 28 February 2023	598.6	321.1	47.7	967.4
Additions	-	-	0.3	0.3
Reclassification to Property, plant & equipment	-	-	(1.5)	(1.5)
Translation adjustment	3.6	2.4	0.4	6.4
At 31 August 2023	**602.2**	**323.5**	**46.9**	**972.6**
Amortisation and impairment				
At 1 March 2022	(76.2)	(214.6)	(28.6)	(319.4)
Charge for the period ended 31 August 2022	-	-	(1.2)	(1.2)
At 31 August 2022	(76.2)	(214.6)	(29.8)	(320.6)
Impairment charge for the year	-	-	-	-
Charge for the period ended 28 February 2023	-	-	(1.3)	(1.3)
At 28 February 2023	(76.2)	(214.6)	(31.1)	(321.9)
Charge for the period ended 31 August 2023	-	-	(1.2)	(1.2)
At 31 August 2023	**(76.2)**	**(214.6)**	**(32.3)**	**(323.1)**
Net Book Value at 31 August 2023	**526.0**	**108.9**	**14.6**	**649.5**
Net Book Value at 28 February 2023	522.4	106.5	16.6	645.5
Net Book Value at 31 August 2022	525.4	108.6	15.1	649.1

Other intangible asset additions for the financial period were €0.3m relating to the ERP upgrade in GB (31 August 2022: €2.1m; year ended 28 February 2023 €5.1m) and the amortisation charge for the financial period ended 31 August 2023 was €1.2m (31 August 2023: €1.2m; year ended 28 February 2023 €2.5m). Additionally, during the current financial period, €1.5m of assets were reclassified from Other intangible assets to Property, plant and equipment.

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

The value of brands and goodwill considered to have an indefinite life were assessed for impairment at 28 February 2023 and given no material changes in circumstances since that date, they will be formally assessed again at 29 February 2024.

8. Interest bearing loans & borrowings

	31 August 2023 €m	**31 August 2022 €m**	28 February 2023 €m
Current liabilities			
Unsecured loans repayable by one repayment on maturity	**0.6**	0.8	(95.0)
Unsecured loans repayable by instalment	**-**	-	0.7
Private Placement notes repayable by one repayment on maturity	**0.1**	0.1	0.1
	0.7	0.9	(94.2)
Non-current liabilities			
Unsecured loans repayable by one repayment on maturity	**(102.9)**	(94.7)	-
Private Placement notes repayable by instalment	**-**	-	0.6
Private Placement notes repayable by one repayment on maturity	**(101.1)**	(142.5)	(100.6)
	(204.0)	(237.2)	(100.0)
Total borrowings	**(203.3)**	(236.3)	(194.2)

Covenants
The Group's multi-currency debt facility incorporates the following financial covenants:
• Interest cover: The ratio of Adjusted EBITDA to net interest for a period of 12 months ending on each half-year date will not be less than 3.5:1
• Net debt (excluding leases): Adjusted EBITDA: The ratio of net debt on each half-year date to Adjusted EBITDA for a period of 12 months ending on a half-year date will not exceed 3.5:1

All covenants are calculated on a pre-IFRS 16 *Leases* basis.

The net debt (excluding leases): Adjusted EBITDA (12 month trailing) ratio was 1.6x, with interest cover (12 month trailing) of 4.6x at the current financial period end.

9. Analysis of net debt

	1 March 2023 €m	**Translation adjustment €m**	**Additions/ disposals/ remeasurement €m**	**Cash flow, net €m**	**Non-cash changes €m**	**31 August 2023 €m**
Interest bearing loans & borrowings	**(194.2)**	**(0.5)**	**-**	**(7.7)**	**(0.9)**	**(203.3)**
Cash	**115.3**	**2.9**	**-**	**(21.6)**	**-**	**96.6**
Net debt excluding leases	**(78.9)**	**2.4**	**-**	**(29.3)**	**(0.9)**	**(106.7)**
Lease liabilities	**(73.8)**	**(1.4)**	**(18.8)**	**12.5****	**(1.6)**	**(83.1)**
Net debt including leases	**(152.7)**	**1.0**	**(18.8)**	**(16.8)**	**(2.5)**	**(189.8)**

**Interest bearing loans & borrowings as at 31 August 2023 are net of unamortised issue costs of €3.3m.*
*** Payments are apportioned between Finance charges €1.6m and payment of lease liabilities €10.9m in the Condensed Consolidated Cash Flow Statement.*

	1 September 2022 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash flow, net €m	Non-cash changes €m	28 February 2023 €m
Interest bearing loans & borrowings	(236.3)	1.3	-	41.9	(1.1)	(194.2)*
Cash	131.8	(1.9)	-	(14.6)	-	115.3
Net debt excluding leases	(104.5)	(0.6)	-	27.3	(1.1)	(78.9)
Lease liabilities	(75.2)	1.5	(11.5)	13.0	(1.6)	(73.8)
Net debt including leases	(179.7)	0.9	(11.5)	40.3	(2.7)	(152.7)

**Interest bearing loans & borrowings at 28 February 2023 are net of unamortised issue costs of €1.4m.*

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

** Interest bearing loans & borrowings as at 31 August 2022 are net of unamortised issue costs of €2.5m.*
*** Payments are apportioned between Finance charges €1.5m and payment of lease liabilities €11.1m in the Condensed Consolidated Cash Flow Statement.*

During the period to 31 August 2023, leases in respect of kegs came to an end and were renewed on the same terms. There were no other significant changes and the movement in leases was otherwise in line with expectations based on the current lease portfolio.

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

10. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2023 and 31 August 2022 were as follows:

31 August 2023	**Derivative financial instruments €m**	**Other financial assets €m**	**Other financial liabilities €m**	**Carrying Value €m**	**Fair value €m**
Financial assets:					
Cash*	**-**	**96.6**	**-**	**96.6**	**96.6**
Trade receivables*	**-**	**203.7**	**-**	**203.7**	**203.7**
Advances to customers*	**-**	**41.6**	**-**	**41.6**	**41.6**
Derivative contracts**	**0.8**	**-**	**-**	**0.8**	**0.8**
Financial liabilities:					
Interest bearing loans & borrowings*	**-**	**-**	**(203.3)**	**(203.3)**	**(206.6)**
Trade & other payables*	**-**	**-**	**(466.9)**	**(466.9)**	**(466.9)**
Derivative contracts**	**(0.4)**	**-**	**-**	**(0.4)**	**(0.4)**
	0.4	**341.9**	**(670.2)**	**(327.9)**	**(331.2)**

**At amortised cost*
*** Derivatives designated as hedging instruments*

31 August 2022	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying Value €m	Fair value €m
Financial assets:					
Cash*	-	131.8	-	131.8	131.8
Trade receivables*	-	209.5	-	209.5	209.5
Advances to customers*	-	37.8	-	37.8	37.8
Derivative contracts**	0.7	-	-	0.7	0.7
Financial liabilities:					
Interest bearing loans & borrowings*	-	-	(236.3)	(236.3)	(238.8)
Trade & other payables*	-	-	(459.1)	(459.1)	(459.1)
	0.7	379.1	(695.4)	(315.6)	(318.1)

**At amortised cost*
*** Derivatives designated as hedging instruments*

Determination of Fair Value
Set out below are the main methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as, due to the short-term maturity of these financial assets and liabilities, their carrying amount is deemed to approximate fair value.

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

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

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

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

Derivative contracts
Derivative contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of derivative contracts that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Such valuation techniques maximise the use of observable market data, where available, and rely as little as possible on the Group's estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted as relevant. (Level 2).

11. Retirement benefits

As disclosed in the Annual Report for the year ended 28 February 2023, the Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date.

There are no active members remaining in the Group's executive defined benefit pension scheme (31 August 2022: no active members) while there are 45 active members (31 August 2022: 48 active members), representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme and 2 active members in the NI defined benefit pension scheme (31 August 2022: 2 active members).

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2023 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities.

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

	Period ended 31 August 2023 €m	Period ended 31 August 2022 €m	Year ended 28 February 2023 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**-**	-	-
Retirement benefit surplus at beginning of period (ROI schemes)	**38.6**	31.1	31.1
Retirement benefit surplus at beginning of period (NI scheme)	**3.6**	6.5	6.5
Current service cost	**(0.2)**	(0.3)	(0.6)
Net interest cost on scheme liabilities/assets	**0.9**	0.4	0.7
Experience gains and losses on scheme liabilities	**(1.9)**	(1.3)	(4.2)
Effect of changes in financial assumptions	**(2.7)**	28.9	42.4
Effect of changes in demographic assumptions	**-**	-	-
Actual return less Interest income on scheme assets	**(0.8)**	(20.1)	(33.9)
Employer contributions	**0.2**	-	0.5
Translation adjustment	**0.1**	(0.2)	(0.3)
Net pension surplus before deferred tax	**37.8**	45.0	42.2
Retirement benefit surplus at end of period (ROI schemes)	**34.4**	40.0	38.6
Retirement benefit surplus at end of period (NI scheme)	**3.4**	5.0	3.6
Related deferred income tax liability	**(5.5)**	(6.7)	(6.1)
Net pension surplus	**32.3**	38.3	36.1

The decrease in the net surplus of the Group's defined benefit pension schemes from the 28 February 2023 to the 31 August 2023, as computed in accordance with IAS 19 *Employee Benefits* is due to an increase in liabilities due to a marginal decrease in bond yields over the six-month period as well as experience losses.

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

	Period ended 31 August 2023		Period ended 31 August 2022		Year ended 28 February 2023	
	ROI	NI	ROI	NI	ROI	NI
Discount rate	**4.05%-4.15%**	**5.30%**	3.45%-3.55%	4.30%	4.30%	5.0%

12. Dividend

In order to achieve better alignment of the interest of share-based remuneration award recipients with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made and that vest under the LTIP incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. The Deferred Bonus Plan and the Buy-Out Awards also accrue dividends during the vesting period.

A final dividend of 3.79 cent per ordinary share (2022: €nil) was paid to shareholders on 21 July 2023 equating to a distribution of €14.9m (2022: €nil), all of which was paid in cash.

An interim dividend of 1.89 cent per share for payment on 1 December 2023 is declared to be paid on to ordinary shareholders registered at the close of business on 10 November 2023. Using the number of shares in issue at 31 August 2023 and excluding those shares for which it is assumed that the right to dividend will be waived this would equate to a distribution of €7.5m. There is no scrip dividend alternative proposed.

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

13. Related parties

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

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

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

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

Compensation with respect to key management personnel included in the Income Statement was €3.1m for the six months ended 31 August 2023 (31 August 2022: €2.0m) of which €2.8m pertains to non share-based payment compensation (which includes payments of €1.8m to David Forde as a consequence of him stepping down as Group Chief Executive Officer, in line with his service agreement and the Directors' Remuneration Policy approved by shareholders at the Annual General Meeting in July 2021) and €0.3m is with respect to share-based payment compensation (31 August 2022: €1.0m pertains to non share-based payment compensation and €1.0m with respect to share-based compensation).

Equity accounted investments, Associates and Financial assets
The Group's Equity accounted investments, Associates and Financial assets remain the same as those described on page 231 of the Group's Annual Financial Statements for the year ended 28 February 2023, which are available on the Group's website, http://www.candcgroupplc.com.

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

All outstanding trading balances with equity accounted investments, which arose from arm's length transactions, are to be settled in cash within 60 days of the reporting date.

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

	Joint ventures		Associates	
	31 August 2023	31 August 2022	**31 August 2023**	31 August 2022
	€m	€m	**€m**	€m
Net revenue	**0.6**	0.2	**0.3**	0.2
Trade & other receivables	**1.0**	0.5	**0.1**	0.1
Purchases	**0.8**	0.3	**0.4**	0.3
Trade & other payables	**0.1**	-	**0.1**	0.1
Loans	**1.3**	1.4	**0.6**	0.8

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

14. Events after the balance sheet date

There were no material events subsequent to the balance sheet date of 31 August 2023 which would require disclosure in this report.

15. Board approval

The Board approved the financial report for the six months ended 31 August 2023 on 26 October 2023.

16. Distribution of interim report

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

Supplementary financial information

Alternative performance measures

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

- **Operating profit before exceptional items:** Operating profit for the period as adjusted for exceptional items.

- **Adjusted EBITDA:** Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investments' profit/(loss) after tax.

- **Constant currency:** Prior period revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by restating the prior period at current period effective rates. Refer to pages 10-11 for constant currency table.

- **Exceptional items:** The Group has adopted an accounting policy and Income Statement format that seeks to highlight specific significant items of income and expense within the Group results for the year. The Directors believe this provides a more useful analysis. These significant items are determined based on the following qualitative and quantitative framework. The Group considers items which are significant either because of their size or their nature, and which are non-recurring. For items to be considered significant, it must initially meet at least one of the following criteria:

    • Non-recurring items – these are events/transactions that are infrequent and unusual, or one-off in nature. These include items such as restructuring and integration projects, litigation costs and settlements, impairment of assets, COVID-19, acquisition related costs, and gains/losses from the sale of assets or businesses.

    • Inconsistent items – these are items which are inconsistent amounts year-on-year (where applicable) such as revaluation gains/losses.

    • For an item to be deemed exceptional, it must have a significant effect on C&C's profitability and should therefore be separately disclosed. For the purposes of the current financial period, the Group determined a material amount that would influence the economic decisions of a user of the financial statements.

  If an item meets at least one of the criteria, the Directors then exercise judgement evaluated based on the above criteria as to whether the item meets the Group definition of significant.

- **Free Cash flow:** Free Cash Flow ('FCF') comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €121.7m (28 February 2023: €94.1m or €95.2m on a constant current basis; 31 August 2022: €109.7m or €110.0m on a constant currency basis) to cash in the period (this represents a cash inflow of €26.5m on a constant currency basis in the six-month period to 31 August 2023). A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 9.

- **Interest cover**: Calculated by dividing the Group's Adjusted EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding IFRS 16 Leases finance charges, issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, for the same period.

- **Net debt:** Net debt comprises borrowings (net of issue costs) less cash plus lease liabilities capitalised under IFRS 16 *Leases*. Refer to Note 9 of the Condensed Consolidated Interim Financial Statements.

- **Net debt (excluding leases):** Net debt excluding leases comprises borrowings (net of issue costs) less cash. Refer to Note 9 of the Condensed Consolidated Interim Financial Statements.

- **Net revenue:** Net revenue is defined by the Group as revenue less excise duty. The duty number disclosed represents the cash cost of duty paid on the Group's products. Where goods are bought duty paid and subsequently sold, the duty element is not included in the duty line but within the cost of goods sold. Net revenue therefore excludes duty relating to the brewing and packaging of certain products. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer.

- **Adjusted basic earnings per share**: Is calculated by dividing earnings as adjusted for exceptional items net of tax, by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares.

- **Adjusted diluted earnings per share:** Is calculated by dividing earnings as adjusted for exceptional items net of tax, by the adjusted weighted average number of ordinary shares excluding treasury shares outstanding during the period, assuming the conversion of all dilutive ordinary shares.

- **Operating margin:** Operating margin is based on operating profit before exceptional items and is calculated as a percentage of net revenue. Refer to the operating review for operating margin calculations.