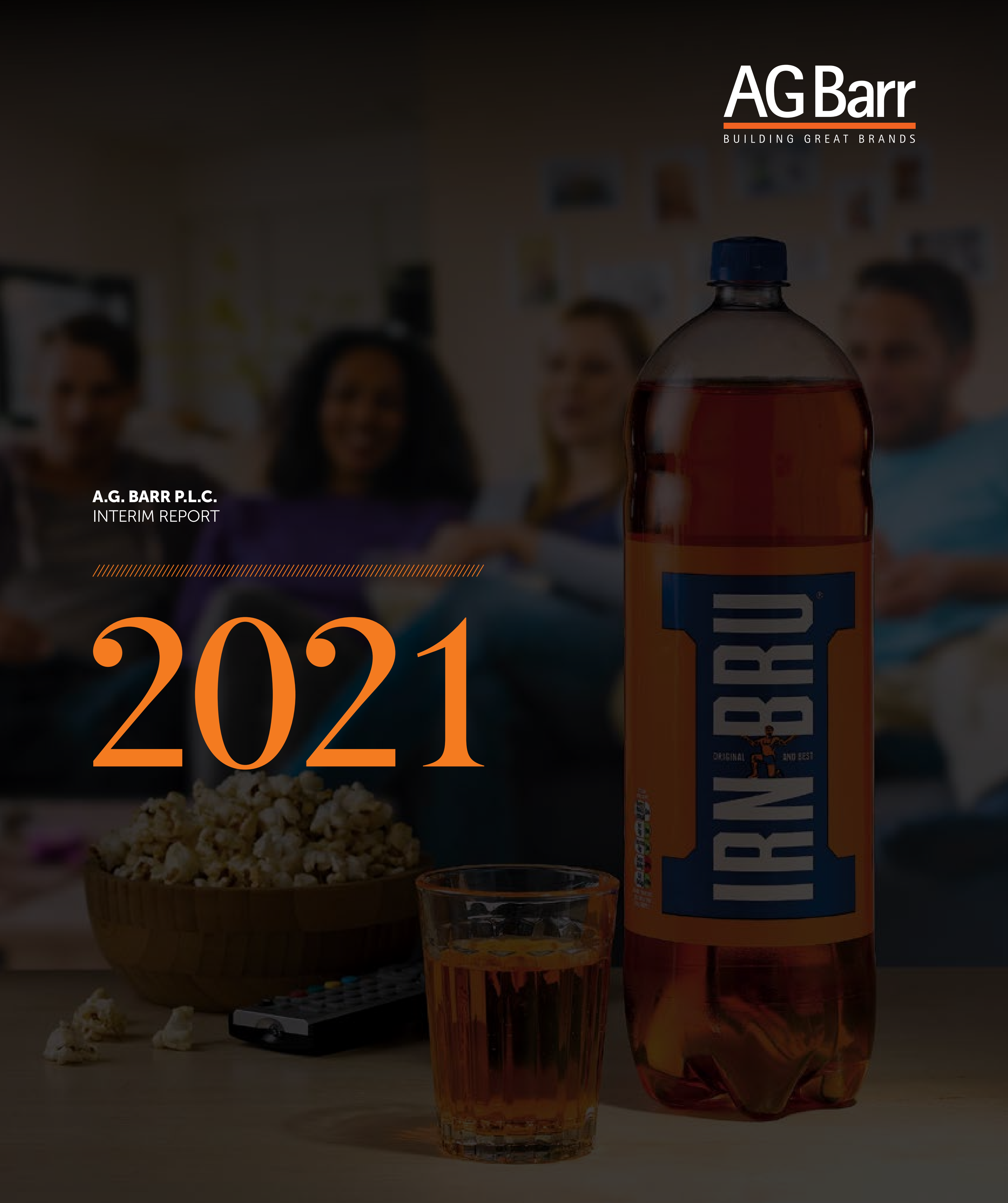
AG Barr
BUILDING GREAT BRANDS



A.G. BARR P.L.C.
INTERIM REPORT

2021

Interim Report

AG Barr is a growth-focused business operating in resilient and growing market categories, with dynamic brands, great people and a strong financial position.

Our positive first half performance reflects these fundamentals as well as the encouraging performance of recent innovation launches in both soft drinks and cocktails.

We remain on track to deliver strong full year profit performance, slightly ahead of our 2019/20 pre-COVID level.

Roger White
Chief Executive

INTERIM STATEMENT

We are pleased to report a strong performance in the first half of our 2021/22 financial year.

For the 27 weeks ended 1 August 2021 the Group delivered revenue of £135.3m, up 19.5% on the prior year. On a like-for-like basis, excluding the extra week of trading, revenue was £128.5m, an increase of 13.5%.

Statutory profit before tax in the period was £24.4m (2020/21: £5.1m). This strong performance reflects positive underlying volume momentum as well as a number of benefits specific to the circumstances in the first half of this year. While it is difficult to be precise, it is estimated that in operating profit terms the impact of the benefit in the first half, which will not repeat in the second half, equates to c.£5m.

Soft drinks market

The overall measured soft drinks market has once again proven its resilience. IRI Marketplace data for the 27 weeks to 31 July 2021 records the total UK soft drinks market increasing in value by 8.0% and in volume by 4.0%. Within this, still drinks have recovered from the prior year's decline, up 9.7% in value terms. While carbonates volume growth slowed to 1.4% in the period, value continued to accelerate, growing 6.9%.

As previously commented, the 2020 soft drinks market was characterised by the migration of out-of-home consumer demand into the home environment. This position is now reversing as the hospitality sector and on-the-go channels begin to recover. As a consequence market share data, skewed by these unusual market dynamics, is now beginning to return to a more normalised read.

Business performance

Trading has been strong across both our business units, Barr Soft Drinks and Funkin. This performance has been driven by a combination of brand-led initiatives and market factors, some long-term and structural and others more one-off, resulting in an unusually high profit performance in the first half.

We do not expect to maintain the current level of operating margin in the second half, reflecting the rephasing of our increased marketing investment and our anticipation of increased cost inflation across the balance of the year. We do however anticipate our full year operating margin to be slightly ahead of the prior full year.

Operational resilience

We continue to put the safety and wellbeing of our employees and customers at the heart of our business.

Funkin's exceptional growth in the period has led to some supply chain challenges. However our operational resilience in Barr Soft Drinks has been excellent across the first half of the year, maintaining continuity of production and delivering high levels of quality and customer service.

In recent weeks we have seen increased challenges across the UK road haulage fleet, associated in part with the COVID-19 pandemic, impacting customer deliveries and inbound materials. In addition, the risks associated with the wider labour pool and the current COVID-19 pandemic response are areas we continue to monitor closely.

We believe the commitment and capability of our workforce and supply base will stand us in good stead in these uncertain times.

Barr Soft Drinks

Over the past six months we have benefited from recovery in "on-the-go" consumption, growing volume and improving product mix, while our "at home" sales have remained strong, as they have done throughout the COVID-19 pandemic. Recent new product launches are performing well, with positive consumer feedback and encouraging customer listings.

As the third lockdown arose, our flexible business planning approach allowed us to rephase much of our marketing investment into the second half of the year. Notwithstanding this rephasing, we ran a full IRN-BRU consumer campaign during Euro 2020, supported the permanent launch of the premium IRN-BRU 1901 format, and launched our new IRN-BRU advertising campaign "It Tastes Magic" across all media platforms. The IRN-BRU brand as a whole has grown revenue by 18.9%, supported by our marketing activity and the continuing recovery of on-the-go consumption.

We continue to deliver our Rubicon brand strategy, developing the brand into an aspirational mainstream range of exciting fruit based drinks aimed at a broad range of consumers. In the first half of the year total Rubicon brand sales (excluding Rubicon RAW Energy) increased by 26.2% with Still, Sparkling and Spring variants all delivering growth.

The energy sub category continues to outperform the total soft drinks market. Our renewed focus in this area, with the development of IRN-BRU Energy and now the launch of Rubicon RAW Energy, is increasing our share of this important and growing market. We plan to accelerate our commercial investment in Rubicon RAW Energy across the balance of the second half to support the development of this strategically important brand.

Funkin

The response to the COVID-19 pandemic has been especially challenging for the hospitality sector, however we are pleased to see positive momentum as consumers return to hospitality venues. Funkin has delivered a strong first half performance in the on-trade, with sales in this sector up 229.5%. This has been driven by both one-off customer restocking and a significant increase in cocktail rate of sale experienced during the reopening of the sector.

During the various lockdown periods, Funkin capitalised on the increase in demand for cocktails at home, through both traditional retail and direct to consumer channels, becoming the UK's No.1 ready to drink cocktail brand (Source: Nielsen pre-mixed alcoholic drinks total coverage value sales data MAT 31/07/2021).

INTERIM STATEMENT CONTINUED

Our "at home" cocktail sales have grown by 114.3% to £10.2m, representing 54.5% of Funkin's total sales in the first half of the year. This significant growth has been supported by a continued strong rate of sale and an increasing level of brand distribution. We will accelerate our investment in the second half of the year as we continue our strategy to develop Funkin as a premium consumer brand.

Exceptional items

In the period ended 1 August 2021 we have reported pre-tax exceptional income of £0.7m relating to the profit on disposal of our former Sheffield distribution depot which was closed in early 2019 (the costs of which were recorded as exceptional in 2019/20) and sold in February of 2021 for £1.1m. (2020/21: Exceptional charge of £11.5m, comprising £10m non-cash Strathmore brand and asset impairment and £1.5m cash associated with our business re-engineering programme).

Cash flow

Cash flow generated from operations of £20.3m was £9.8m lower than the corresponding period in the prior year (2020/21: £30.1m), driven primarily by month end timing and the impact of the 27 week period.

Capital expenditure in the first half of the year was £1.4m (2020/21 H1: £2.8m) reflecting the phasing of planned expenditure. We expect to complete our planned capital expenditure programme across the balance of the financial year with a full year estimated expenditure of £6-8m (2020/21: £7.1m).

Balance sheet

Our closing net cash at bank* as of 1 August 2021 was £65.6m, a £15.6m increase on the 2020/21 year end position. This strong performance is a consequence of our positive trading, robust working capital controls, minimal bad debts, appropriate inventory levels, the temporary suspension of dividends and our modest capital expenditure.

Throughout the COVID-19 pandemic we maintained a prudent and proactive approach to cash management with a focus on cash conservation, the suspension of dividends and capital expenditure reductions, combined with strong operational controls over working capital. During the first six months of the financial year we didn't utilise any Government COVID-19 support and paid our 2020 VAT payments which had been deferred in line with the Government's COVID-19 response measures. To date our bad debt and overdue balances remain minimal, despite having extended credit to some customers and having agreed repayment plans with others who have been particularly impacted by lockdown restrictions.

Earnings per share before exceptional items* of 12.15p (2020/21: 10.52p) reflects the impact of the Government's planned increase in corporation tax on our deferred tax rates.

Responsibility

We continue to strive to be a sustainable and responsible business. Environmental sustainability in particular is a key area of focus and we remain committed to be net zero by 2040, if not sooner. Our No Time To Waste environmental sustainability programme is about setting our environmental sustainability ambitions and then delivering them, and we are on track to share our science based targets and our net zero roadmap during the course of 2021.

Board changes

We were pleased to welcome Mark Allen OBE and Zoe Howorth to the Board in July 2021 as independent Non-Executive Directors. As previously communicated Mark will succeed John Nicolson as Chairman when John steps down from the Board prior to the next AGM in May 2022.

As part of her responsibilities, Zoe will Chair the Board's Environmental, Social and Governance Committee.

Having completed eight years as a Non-Executive Director, Pam Powell stood down from the Board at the end of June 2021 as part of the long term Board succession plan. We would like to thank Pam for her support, insight and guidance during her term on the Board.

Dividend

We previously committed to recommence dividend payments during the course of the financial year ending January 2022.

Our dividend framework provides for a progressive and sustainable dividend that takes into account current performance trends including sales, profit after tax and cash, and satisfies certain guiding principles:

- Dividend cover: targeting 2 times earnings cover
- Payout ratio: targeting 50% of free cash flow
- Consistent with medium-term profit outlook

Under this framework the Board is recommencing our dividend distributions with an interim dividend for the 27 weeks ended 1 August 2021 of 2.0 pence per share (2020/21: nil) payable on 29 October 2021 to shareholders on the register on 8 October 2021.

In addition we are announcing a special dividend of 10.0 pence per share payable on 29 October 2021 to shareholders on the register on 8 October 2021. During the period of dividend suspension the Group benefited from a number of one-off cash inflows that were outside normal trading. These included the payment received relating to the termination of the Rockstar franchise agreement, compensation for the removal of a wind turbine at our Cumbernauld site and the disposal of certain surplus property, primarily distribution depots. Following a review of the Group's current net cash position and our future funding requirements, the Board concluded that a one-off special dividend should be distributed to shareholders, recognising the one-off and non-operating nature of the cash receipts.

Outlook

AG Barr is a growth-focused business operating in resilient and growing market categories with exciting brands, great people and a strong financial position.

Our positive first half reflects the underlying strength of the business alongside the encouraging performance of recent innovation launches. It also reflects a number of non-recurring factors, in particular customer restocking, deferred overheads and marketing investment phasing choices.

Our full year planning takes into account the first half benefits which will not repeat in the second half as well as the impact of cost inflation later in the year, reflecting the well documented pressure on supply chains and rising commodity prices.

We remain confident in our previously communicated full year performance expectations, to deliver profit slightly ahead of our 2019/20 pre-COVID-19 levels.

John R. Nicolson

John Nicolson
Chairman

Roger White
Chief Executive

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the Glossary on pages 21 and 22.

CONSOLIDATED CONDENSED INCOME STATEMENT

		Unaudited 6 months ended 1 August 2021			Unaudited 6 months ended 25 July 2020			Audited Year ended 24 January 2021		
	Note	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m	Before exceptional items £m	Exceptional items* £m	Total £m
Revenue	6	**135.3**	**–**	**135.3**	113.2	–	113.2	227.0	–	227.0
Cost of sales		**(73.8)**	**–**	**(73.8)**	(64.9)	(0.3)	(65.2)	(132.2)	(1.2)	(133.4)
Gross profit	6	**61.5**	**–**	**61.5**	48.3	(0.3)	48.0	94.8	(1.2)	93.6
Other income		**–**	**0.7**	**0.7**	–	–	–	–	7.6	7.6
Operating expenses		**(37.6)**	**–**	**(37.6)**	(31.2)	(11.2)	(42.4)	(61.2)	(13.2)	(74.4)
Operating profit	8	**23.9**	**0.7**	**24.6**	17.1	(11.5)	5.6	33.6	(6.8)	26.8
Finance costs		**(0.2)**	**–**	**(0.2)**	(0.4)	–	(0.4)	(0.7)	–	(0.7)
Share of results of associate		**–**	**–**	**–**	(0.1)	–	(0.1)	(0.1)	–	(0.1)
Profit before tax		**23.7**	**0.7**	**24.4**	16.6	(11.5)	5.1	32.8	(6.8)	26.0
Income tax expense	9	**(10.2)**	**–**	**(10.2)**	(4.9)	1.7	(3.2)	(8.0)	1.1	(6.9)
Profit attributable to equity holders		**13.5**	**0.7**	**14.2**	11.7	(9.8)	1.9	24.8	(5.7)	19.1
Earnings per share (p)										
Basic earnings per share	10			**12.78**			1.71			17.18
Diluted earnings per share	10			**12.71**			1.71			17.16
Earnings per share before exceptional items	10			**12.15**			10.52			22.31

* Refer to Note 8.

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited As at 1 August 2021 £m**	Unaudited As at 25 July 2020 £m	Audited As at 24 January 2021 £m
Non-current assets				
Intangible assets		**89.8**	92.3	90.5
Property, plant and equipment		**93.3**	97.0	96.4
Right-of-use assets		**2.2**	6.4	2.5
Loans and receivables		**1.0**	–	1.0
Investment in associates		**0.8**	0.8	0.8
		187.1	196.5	191.2
Current assets				
Inventories		**17.8**	18.4	19.3
Trade and other receivables		**59.7**	54.3	37.6
Derivative financial instruments	12	**0.1**	0.1	–
Assets classified as held for sale		**–**	0.4	0.4
Current tax asset		**–**	0.4	0.7
Cash and cash equivalents		**65.6**	90.4	52.9
		143.2	164.0	110.9
Total assets		**330.3**	360.5	302.1
Current liabilities				
Loans and other borrowings	13	**–**	59.9	2.9
Trade and other payables		**56.5**	59.5	43.4
Derivative financial instruments	12	**0.2**	0.1	0.1
Lease liabilities	13	**1.0**	3.0	1.1
Provisions		**1.4**	0.3	1.9
Current tax liabilities		**0.2**	–	–
		59.3	122.8	49.4
Non-current liabilities				
Deferred tax liabilities		**18.9**	14.5	14.6
Lease liabilities	13	**1.1**	3.6	1.4
Retirement benefit obligations	14	**4.8**	9.7	7.9
		24.8	27.8	23.9
Capital and reserves attributable to equity holders				
Share capital		**4.7**	4.7	4.7
Share premium account		**0.9**	0.9	0.9
Share options reserve		**1.1**	1.3	1.8
Other reserves		**0.1**	–	(0.2)
Retained earnings		**239.4**	203.0	221.6
		246.2	209.9	228.8
Total equity and liabilities		**330.3**	360.5	302.1

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Profit for the period	**14.2**	1.9	19.1
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans (Note 14)	**1.5**	(0.8)	0.6
Deferred tax movements on items above	**(0.4)**	0.2	(0.1)
Deferred tax remeasurement for movement in tax rate	**1.5**	0.5	0.5
Items that will be or have been reclassified to profit or loss			
Cash flow hedges:			
Gains arising during the period	**(0.1)**	–	–
Deferred tax movements on items above	**–**	–	–
Other comprehensive income/(expense) for the period, net of tax	**2.5**	(0.1)	1.0
Total comprehensive income attributable to equity holders of the parent	**16.7**	1.8	20.1

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 24 January 2021	**4.7**	**0.9**	**1.8**	**(0.2)**	**221.6**	**228.8**
Profit for the period	**–**	**–**	**–**	**–**	**14.2**	**14.2**
Other comprehensive (expense)/income	**–**	**–**	**–**	**(0.1)**	**2.6**	**2.5**
Total comprehensive (expense)/income for the period	**–**	**–**	**–**	**(0.1)**	**16.8**	**16.7**
Company shares purchased for use by employee benefit trusts (Note 15)	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Recognition of share-based payment costs	**–**	**–**	**0.4**	**–**	**–**	**0.4**
Transfer of reserve on share award	**–**	**–**	**(1.5)**	**–**	**1.5**	**–**
Deferred tax on items taken directly to reserves	**–**	**–**	**0.4**	**–**	**–**	**0.4**
Reallocation between reserves	**–**	**–**	**–**	**0.4**	**(0.4)**	**–**
At 1 August 2021	**4.7**	**0.9**	**1.1**	**0.1**	**239.4**	**246.2**
At 25 January 2020	4.7	0.9	1.4	–	201.3	208.3
Profit for the period	–	–	–	–	1.9	1.9
Other comprehensive expense	–	–	–	–	(0.1)	(0.1)
Total comprehensive income for the period	–	–	–	–	1.8	1.8
Company shares purchased for use by employee benefit trusts (Note 15)	–	–	–	–	(0.1)	(0.1)
Recognition of share-based payment costs	–	–	(0.1)	–	–	(0.1)
At 25 July 2020	4.7	0.9	1.3	–	203.0	209.9

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 25 January 2020	4.7	0.9	1.4	–	201.3	208.3
Profit for the year	–	–	–	–	19.1	19.1
Other comprehensive income	–	–	–	–	1.0	1.0
Total comprehensive income for the year	–	–	–	–	20.1	20.1
Company shares purchased for use by employee benefit trusts (Note 15)	–	–	–	–	(0.1)	(0.1)
Recognition of share-based payment costs	–	–	0.7	–	–	0.7
Transfer of reserve on share award	–	–	(0.1)	–	0.1	–
Deferred tax on items taken direct to reserves	–	–	(0.2)	–	–	(0.2)
Reallocation between reserves	–	–	–	(0.2)	0.2	–
At 24 January 2021	**4.7**	**0.9**	**1.8**	**(0.2)**	**221.6**	**228.8**

CONSOLIDATED CONDENSED CASH FLOW STATEMENT

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Operating activities			
Profit for the period before tax	**24.4**	5.1	26.0
Adjustments for:			
Interest payable	**0.2**	0.4	0.7
Depreciation of property, plant and equipment	**5.2**	5.4	11.8
Amortisation of intangible assets	**0.7**	0.6	1.1
Share-based payment costs	**0.4**	(0.1)	0.7
Gain on sale of fixed assets	**(0.7)**	–	–
Share of results of associates	**–**	0.1	0.1
Impairment of Strathmore brand	**–**	7.0	7.0
Impairment of Strathmore goodwill	**–**	1.9	1.9
Impairment of Strathmore property, plant and equipment	**–**	1.1	1.1
Funkin goodwill adjustment	**–**	–	1.3
Operating cash flows before movements in working capital	**30.2**	21.5	51.7
Decrease/(increase) in inventories	**1.5**	(0.1)	(1.2)
(Increase)/decrease in receivables	**(22.1)**	2.9	19.8
Increase/(decrease) in payables	**12.4**	7.5	(7.1)
Difference between employer pension contributions and amounts recognised in the income statement	**(1.7)**	(1.7)	(2.2)
Cash generated by operations	**20.3**	30.1	61.0
Tax paid	**(3.4)**	(6.1)	(10.3)
Net cash from operating activities	**16.9**	24.0	50.7
Investing activities			
Loan to associate	**–**	–	(1.0)
Purchase of property, plant and equipment	**(1.4)**	(2.8)	(7.1)
Proceeds on sale of property, plant and equipment	**1.1**	–	0.1
Net cash used in investing activities	**(0.3)**	(2.8)	(8.0)
Financing activities			
New loans received	**–**	60.0	60.0
Loans repaid	**–**	–	(60.0)
Lease payments	**(0.8)**	(1.6)	(3.2)
Purchase of Company shares by employee benefit trusts	**(0.1)**	(0.1)	(0.1)
Interest paid	**(0.1)**	–	(0.3)
Net cash used in financing activities	**(1.0)**	58.3	(3.6)
Net increase in cash and cash equivalents	**15.6**	79.5	39.1
Cash and cash equivalents at beginning of period	**50.0**	10.9	10.9
Cash and cash equivalents at end of period	**65.6**	90.4	50.0

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, market, distribute and sell soft drinks and cocktail solutions. 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 24 January 2021 were approved by the Board of directors on 30 March 2021 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 24 January 2021 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 27 weeks ended 1 August 2021 has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 24 January 2021, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis

The directors have adopted the going concern basis in preparing these accounts after assessing the principal risks, and having considered the current status of the COVID-19 pandemic and associated restrictions. This assessment was undertaken through modelling a number of severe but plausible downside scenarios that could impact the business (both individually and cumulatively) over the period until January 2024. These scenarios included:

- A continuation of the COVID-19 pandemic and restrictions imposed for a further 12 months, and a consequent channel shift and reduction in consumer demand
- A reduction in sales due to significant adverse damage to one of the Group's principal brands (e.g. IRN-BRU) sustained over the duration of the viability period
- Significant changes in consumer preferences and governmental impact in relation to sugar, plastics and the introduction of a Deposit Return Scheme, specifically in Scotland
- Financial impact from a significant supply chain disruption (e.g. material supply, factory closure)

Our experience to date through the pandemic gives us confidence that our operations will remain open and that the Group can remain profitable and cash-generative through prolonged pandemic restrictions. 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 £50m of committed and unutilised debt facilities, consisting of three revolving credit facilities with three individual banks, providing the business with a secure funding platform. Of these facilities, £20m expires within the going concern period in February 2022, a further £10m expires in April 2023 and the final £20m expires in February 2025. 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 have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future. Furthermore, the directors believe that the funding options available to the Group provide a level of liquidity and flexibility that will allow continued investment in the business to support our long-term growth prospects.

3 Accounting policies

New standards and interpretations applied for the first time

In the current year, the Group adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) as issued by the IASB. The adoption has not had a material impact on the interim Consolidated Financial Statements. Apart from this change, the accounting policies set out in the annual financial statements for the year ended 24 January 2021 have been applied consistently to both periods presented in these Consolidated Financial Statements.

New standards and interpretations not yet applied

There were no new or revised IFRS, amendments or interpretations in issue but not yet effective that are potentially material for the Group and which have not yet been applied.

4 Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the balance of the financial year remain the same as those stated on pages 46-50 of the Group's annual financial statements as at 24 January 2021, which are available on our website, www.agbarr.co.uk, with the exception of Environmental Social Governance (ESG) risk, which was added as a new principal risk during the first half of the financial year detailed below.

Risk	Impact	Controls and mitigating actions
Environmental Social Governance (ESG)	The increased focus from all stakeholders (including Governments, customers, consumers, competitors, employees, investors) on ESG matters, in particular environmental sustainability, means there is an increased risk of A.G. Barr's ESG performance and/or commitments being perceived as poor or inadequate, leading to lost revenue, an erosion of the employer brand and an impact on the share price.	The Group maintains accreditation to ISO 14001 and has established the No Time To Waste environmental sustainability programme with targets set for CO_2 and water reduction. There is a focus on employees' health, safety and wellbeing supported by responsible policies and practices. There are good governance structures already in place.

The principal risks are summarised below:

- Changes in consumer preferences, perception or purchasing behaviour
- Consumer rejection of enhanced sweeteners used in 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 risk

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 1 August 2021.

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 24 January 2021 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.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS CONTINUED

6 Segment reporting

The Executive Committee has been identified as the chief operating decision-maker. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources. The Executive Committee has determined the operating segments based on these reports.

The Executive Committee considers the business from a product perspective. This has led to the operating segments identified in the table below. There has been no change to the segments during the period.

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

Unaudited 6 months ended 1 August 2021	**Carbonates & other £m**	**Still drinks and water £m**	**Funkin £m**	**Total £m**
Total revenue	**100.7**	**15.9**	**18.7**	**135.3**
Gross profit	**50.4**	**3.8**	**7.3**	**61.5**

Unaudited 6 months ended 25 July 2020	Carbonates & other £m	Still drinks and water £m	Funkin £m	Total £m
Total revenue	92.7	13.0	7.5	113.2
Gross profit	42.7	2.9	2.7	48.3

Audited Year ended 24 January 2021	Carbonates & other £m	Still drinks and water £m	Funkin £m	Total £m
Total revenue	184.3	25.7	17.0	227.0
Gross profit	82.6	6.1	6.1	94.8

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

"Carbonates & other" segment represent income from the sale of carbonates and other soft drink related items.

The gross profit from the segment reporting is stated before exceptional costs.

The gross profit before exceptional items from the segment reporting is reconciled to the total profit before income tax as shown in the consolidated condensed income statement.

All of the assets and liabilities of the Group are managed by the Executive Committee 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.

Revenue for the 6 months ended 25 July 2020 has been restated to ensure alcohol duty is accurately reflected within the Funkin segment only. Revenue in this period for the Funkin segment has increased by £1.0m (Carbonates & other reduced £0.9m, Still drinks and water reduced £0.1m). Total revenue and gross profit is unchanged.

Included in revenues arising from Carbonates & other, Still drinks and water and Funkin are revenues of approximately £28m which arose from sales to the Group's largest customer. In the year ended 24 January 2021 and six months ended 25 July 2020, revenues of approximately £45.6m and £23m respectively arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue in the comparative period to July 2020 or January 2021.

All of the segments included within "Carbonates & other" and "Still drinks and water" meet the aggregation criteria set out in IFRS 8 Operating Segments.

7 Seasonality of operations

Revenues and reported profits are affected by weather conditions, the timing of marketing investment and innovation launches, cost inflation, and in recent periods by the timing of restrictions due to the COVID-19 pandemic. It is anticipated that the reported profits for the second half of the year to 30 January 2022 will be lower than those for the 27 weeks ended 1 August 2021.

8 Operating profit

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

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Gain on sale of property	**(0.7)**	–	–
Impairment of inventories	**0.1**	0.1	0.2
Impairment of Strathmore brand	**–**	7.0	7.0
Impairment of Strathmore goodwill	**–**	1.9	1.9
Funkin goodwill adjustment	**–**	–	1.3
Impairment of Strathmore property, plant and equipment	**–**	1.1	1.1
Foreign exchange gains recognised	**(0.2)**	(0.2)	(0.2)

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses.

The items discussed below have been classified as exceptional. The Group identifies items as exceptional where the nature or scale of the items requires to be separately presented in order to better understand trading performance.

The items that have been included in exceptional items have been analysed in the table below:

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Gain on sale of property	**(0.7)**	–	–
Impairment of Strathmore brand	**–**	7.0	7.0
Impairment of Strathmore goodwill	**–**	1.9	1.9
Impairment of Strathmore property, plant and equipment	**–**	1.1	1.1
Funkin goodwill adjustment	**–**	–	1.3
Redundancy costs for business reorganisation and restructure	**–**	1.5	3.1
Rockstar compensation	**–**	–	(7.6)
Net exceptional (income)/charge	**(0.7)**	11.5	6.8

During the six months ended 1 August 2021 a gain on sale was made on the disposal of the Sheffield distribution depot. This asset was classified as an asset held for sale as at 24 January 2021 and the sale was completed in February 2021. Management believe that this requires to be separately presented from trading performance as the costs associated with the site closure were previously disclosed within exceptional costs.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS CONTINUED

8 Operating profit continued

During the six months ended 25 July 2020 costs of £1.5m were incurred relating to the ongoing change programme within the business which commenced in the year to 25 January 2020, together with the £10.0m impairment of the Strathmore Water business operations, brought about due to the hospitality sector being significantly challenged by the lockdown measures.

In the second half of the year ended 24 January 2021, further costs of £1.6m were incurred in relation to the above change programme. This programme is now complete. The termination of the Rockstar franchise entitled the Group to a one-off contractual termination payment of £7.6m, and there was a £1.3m non-cash charge to the income statement relating to the Funkin acquisition goodwill.

Due to their nature management believes that these items are required to be separately presented in trading performance so as not to mislead the users of the financial statements.

9 Tax on profit

The total tax charge is £10.2m (six months ended 25 July 2020: £3.2m; year ended 24 January 2021: £6.9m) which equates to an effective tax rate of 41.8% (six months ended 25 July 2020: 62.7%; year ended 24 January 2021: 26.8%). The effective tax rate in the current year has increased as a result of the remeasurement of deferred tax balances. In March 2021, the UK government announced that the corporation tax rate would increase from 19% to 25% effective from 1 April 2023 which was substantively enacted on 24 May 2021. The impact of this was a one-off increase in the deferred tax charge of £5.7m. Excluding the impact of the change in tax rate the effective tax rate for the six months ended 1 August 2021 was 17.6%.

Analysis of tax charge	**Unaudited 6 months ended 1 August 2021 £m**	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Current income tax charge	**4.4**	2.6	6.7
Deferred income tax charge	**5.8**	0.6	0.2
Total tax charge in the condensed income statement	**10.2**	3.2	6.9

10 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 share scheme trusts.

	Unaudited 6 months ended 1 August 2021	Unaudited 6 months ended 25 July 2020	Audited Year ended 24 January 2021
Profit attributable to equity holders of the Company (£m)	**14.2**	1.9	19.1
Weighted average number of ordinary shares in issue	**111,104,168**	111,175,040	111,171,047
Basic earnings per share (pence)	**12.78**	1.71	17.18

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 6 months ended 1 August 2021	Unaudited 6 months ended 25 July 2020	Audited Year ended 24 January 2021
Profit attributable to equity holders of the Company (£m)	**14.2**	1.9	19.1
Weighted average number of ordinary shares in issue	**111,104,168**	111,175,040	111,171,047
Adjustment for dilutive effect of share options	**633,701**	–	140,959
Diluted weighted average number of ordinary shares in issue	**111,737,869**	111,175,040	111,312,006
Diluted earnings per share (pence)	**12.71**	1.71	17.16

The adjusted EPS figure is calculated by using profit attributable to equity holders before exceptional items:

	Unaudited 6 months ended 1 August 2021	Unaudited 6 months ended 25 July 2020	Audited Year ended 24 January 2021
Profit attributable to equity holders of the Company before exceptional items (£m)	**13.5**	11.7	24.8
Weighted average number of ordinary shares in issue	**111,104,168**	111,175,040	111,171,047
Earnings per share before exceptional items (pence)	**12.15**	10.52	22.31

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance as the calculation excludes the effect of exceptional items.

11 Dividends

An interim dividend of 2.0p per share was approved by the Board on 28 September 2021 and will be paid on 29 October 2021 to shareholders on the register as at 8 October 2021.

In addition, following a review of the Group's net cash position and future funding requirements, the Board approved a special dividend of 10.0p per share recognising the benefit from a number of one-off cash inflows that were outside normal trading. This dividend will be paid on 29 October 2021 to shareholders on the register as at 8 October 2021.

In April 2020, given the unprecedented circumstances arising from COVID-19, we communicated our decision to temporarily suspend dividend payments, one of a number of important actions we took to conserve cash and maintain balance sheet flexibility. As a result no dividends were paid or declared in the six months to 1 August 2021, year to 24 January 2021 or the six months to 25 July 2020.

12 Financial instruments

Current assets of £0.1m (at 25 July 2020: £0.1m; 24 January 2021: £nil) 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.

Current liabilities of £0.2m (at 25 July 2020: £0.1m; 24 January 2021: £0.1m) 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.

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.

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS CONTINUED

12 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.

	Carrying amount			
Unaudited As at 1 August 2021	Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets – Non-current				
Loan receivable from associate	**–**	**1.0**	**–**	**1.0**
Financial assets – Current				
Foreign exchange contracts used for hedging	**0.1**	**–**	**–**	**0.1**
Trade receivables	**–**	**56.9**	**–**	**56.9**
Cash and cash equivalents	**–**	**65.6**	**–**	**65.6**
	0.1	**122.5**	**–**	**122.6**
Financial liabilities				
Foreign exchange contracts used for hedging	**0.2**	**–**	**–**	**0.2**
Lease liabilities	**–**	**–**	**2.1**	**2.1**
Trade payables	**–**	**–**	**13.3**	**13.3**
	0.2	**–**	**15.4**	**15.6**

	Carrying amount			
Unaudited As at 25 July 2020	Fair value – hedging instruments £m	Other financial assets at amortised cost £m	Other financial liabilities at amortised cost £m	Total £m
Financial assets				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Trade receivables	–	51.7	–	51.7
Cash and cash equivalents	–	90.4	–	90.4
	0.1	142.1	–	142.2
Financial liabilities				
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	6.6	6.6
Unsecured bank borrowings	–	–	59.9	59.9
Trade payables	–	–	19.5	19.5
	0.1	–	86.0	86.1

Audited As at 24 January 2021	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 – Non-current				
Loan receivable from associate	–	1.0	–	1.0
Financial assets – Current				
Trade receivables	–	35.6	–	35.6
Cash and cash equivalents	–	52.9	–	52.9
	–	88.5	–	88.5
Financial liabilities				
Bank borrowings	–	–	2.9	2.9
Foreign exchange contracts used for hedging	0.1	–	–	0.1
Lease liabilities	–	–	2.5	2.5
Trade payables	–	–	7.3	7.3
	0.1	–	12.7	12.8

13 Loans and other borrowings

Movements in borrowings are analysed as follows:

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Opening borrowings balance	**5.4**	7.9	7.9
Net lease payments	**(0.4)**	(1.3)	(5.4)
Borrowings made	**–**	60.0	60.0
Repayments of borrowings	**–**	–	(60.0)
Amortisation of loan arrangement fee	**–**	(0.1)	–
Bank overdraft (repaid)/utilised	**(2.9)**	–	2.9
Closing borrowings balance	**2.1**	66.5	5.4

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 1 August 2021 £m	Unaudited As at 25 July 2020 £m	Audited As at 24 January 2021 £m
Overdraft	**–**	–	2.9
Closing loan balance	**–**	59.9	–
Lease liabilities	**2.1**	6.6	2.5
Total borrowings and loans	**2.1**	66.5	5.4
Disclosed as			
Current liabilities	**1.0**	62.9	4.0
Non-current liabilities	**1.1**	3.6	1.4

NOTES TO THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS CONTINUED

13 Loans and other borrowings continued

The reconciliation to net debt is as follows:

	Unaudited As at 1 August 2021 £m	Unaudited As at 25 July 2020 £m	Audited As at 24 January 2021 £m
Closing borrowings balance	**(2.1)**	(66.5)	(5.4)
Cash and cash equivalents	**65.6**	90.4	52.9
Net funds	**63.5**	23.9	47.5

The drawn/undrawn facilities at 1 August 2021 are as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facility – three years, expires February 2022	**20.0**	–	20.0
Revolving credit facility – two years, expires April 2023	**10.0**	–	10.0
Revolving credit facility – five years, expires February 2025	**20.0**	–	20.0
Overdraft	**5.0**	–	5.0
	55.0	–	55.0

During the year to 27 January 2018 the Group entered the three revolving credit facilities of periods of 3-5 years with Royal Bank of Scotland plc, Bank of Scotland plc and HSBC plc. These facilities provided £60m of sterling debt facilities. After subsequent negotiations in March 2019, March 2020 and April 2021, these facilities will be reduced to £30m in February 2022 and to £20m in April 2023, with that facility due to expire in February 2025.

14 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 deficit of £4.8m as at 1 August 2021 (as at 25 July 2020: £9.7m, 24 January 2021: £7.9m). The reconciliation of the closing deficit is as follows:

	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m	Audited Year ended 24 January 2021 £m
Opening present value of obligation	**(123.9)**	(127.3)	(127.3)
Current service cost	**–**	–	(0.1)
Interest cost	**(0.9)**	(1.1)	(2.0)
Remeasurement – changes in financial assumptions	**(1.4)**	(5.2)	(0.4)
Benefits paid	**2.8**	2.8	5.9
Closing position	**(123.4)**	(130.8)	(123.9)
Opening fair value of plan assets	**116.0**	116.8	116.8
Interest income	**0.8**	1.0	1.8
Remeasurement – actuarial return on assets	**2.9**	4.4	1.0
Employer contributions	**1.7**	1.7	2.3
Benefits paid	**(2.8)**	(2.8)	(5.9)
Closing fair value of plan assets	**118.6**	121.1	116.0

	As at 1 August 2021 £m	As at 25 July 2020 £m	As at 24 January 2021 £m
Closing present value of obligation	**(123.4)**	(130.8)	(123.9)
Closing fair value of plan assets	**118.6**	121.1	116.0
Closing net deficit	**(4.8)**	(9.7)	(7.9)

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

	As at 1 August 2021 %	As at 25 July 2020 %	As at 24 January 2021 %
Discount rate	**1.6**	1.4	1.4
Inflation assumption	**3.3**	2.9	2.9

15 Movements in own shares held by employee benefit trusts

During the six months to 1 August 2021 the employee benefit trusts of the Group acquired 21,936 (six months to 25 July 2020: 22,763; year to 24 January 2021: 47,061) 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 1 August 2021 the shares held by the Company's employee benefit trusts represented 781,002 (25 July 2020: 857,078; 24 January 2021: 871,660) shares at a purchased cost of £4.7m (25 July 2020: £5.2m; 24 January 2021: £5.2m).

112,594 (six months to 25 July 2020: 9,836; year to 24 January 2021: 19,552) 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 1 August 2021 was £5.19 (six months to 25 July 2020: no share sales; year to 24 January 2021: £5.17).

16 Contingencies and commitments

	Unaudited As at 1 August 2021 £m	Unaudited As at 25 July 2020 £m	Audited As at 24 January 2021 £m
Commitments for the acquisition of property, plant and equipment	**0.6**	1.4	0.8

17 Related party transactions

There have been no related party transactions in the first 27 weeks of the current financial year which have materially affected the financial position or performance of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

The directors of A.G. BARR p.l.c. that served during the 6 months to 1 August 2021 and up to the date of signing, and their respective responsibilities, were:

J.R. Nicolson (Chairman)
R.A. White (Chief Executive)
S. Lorimer (Finance Director)
J.D. Kemp (Commercial Director)
W.R.G Barr
P. Powell (resigned 1 July 2021)
D.J. Ritchie
S.V. Barrett
N.B.E. Wharton
M. Allen (appointed 1 July 2021)
Z.L. Howorth (appointed 1 July 2021)

For and on behalf of the Board of directors

Roger White
Chief Executive
28 September 2021

Stuart Lorimer
Finance Director
28 September 2021

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.

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.

Earnings per share before exceptional items is a non-GAAP measure calculated by dividing profit attributable to equity holders before exceptional items by the weighted average number of shares in issue.

Net cash at bank is a non-GAAP measure deducting loan balances from cash and cash equivalents.

Operating margin before exceptional items is a non-GAAP measure calculated by dividing operating profit before exceptional items by revenue.

Profit attributable to equity holders after exceptional items is a non-GAAP measure calculated as profit attributable to equity holders less any exceptional items. This figure appears in the consolidated condensed income statement.

Profit before tax and exceptional items is a non-GAAP measure calculated as profit before tax less any exceptional items. This figure appears in the consolidated condensed income statement.

RECONCILIATION OF NON-GAAP MEASURES

Profit before tax and exceptional items	Unaudited 6 months ended 1 August 2021 £m	Unaudited 6 months ended 25 July 2020 £m
Profit before tax	**24.4**	5.1
Exceptional items	**(0.7)**	11.5
Profit before tax and exceptional items	**23.7**	16.6

Operating profit before exceptional items	6 months ended 1 August 2021 £m	6 months ended 25 July 2020 £m
Operating profit	**24.6**	5.6
Exceptional items	**(0.7)**	11.5
Operating profit before exceptional items	**23.9**	17.1

Operating margin before exceptional items	6 months ended 1 August 2021 £m	6 months ended 25 July 2020 £m
Revenue	**135.3**	113.2
Operating profit before exceptional items	**23.9**	17.1
Operating margin before exceptional items	**17.7%**	15.1%

Net cash at bank	6 months ended 1 August 2021 £m	6 months ended 25 July 2020 £m
Cash and cash equivalents	**65.6**	90.4
Loans and other borrowings	**–**	(59.9)
Net cash at bank	**65.6**	30.5

Earnings per share before exceptional items	6 months ended 1 August 2021	6 months ended 25 July 2020
Profit attributable to equity holders of the Company before exceptional items	**13.5**	11.7
Weighted average number of ordinary shares in issue	**111,104,168**	111,175,040
Earnings per share before exceptional items (p)	**12.15**	10.52

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

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 27-week period ended 1 August 2021 which comprises the income statement, the statement of financial position, the statement of changes in equity, the cash flow statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, 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.

As disclosed in note 2, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted International Financial Reporting 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".

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 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. 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.

Conclusion

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 27-week period ended 1 August 2021 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.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
28 September 2021

NOTES

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BUILDING GREAT BRANDS

A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD
Tel: 0330 390 3900

agbarr.co.uk

Registered Office
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

Company Secretary
Julie A. Barr,
M.A. (Hons.),
L.L.B. (Dip.),
M.B.A.

Auditors Deloitte LLP
110 Queen Street
Glasgow
G1 3BX

Registrars
Equiniti Ltd
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Registered Number
SC005653