

# Independent Auditor's Report to the Members of C&C Group Plc

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of C&C Group plc ('the Company') and its subsidiaries ('the Group') for the year ended 28 February 2022, which comprise:

- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Balance Sheet and the Company Balance Sheet as at 28 February 2022;
- the Consolidated Cash Flow Statement for the year then ended;
- the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and
- the notes forming part of the financial statements, including the Statement of Accounting Policies set out on pages 154 to 170.

The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Accounting Standards including FRS 101 *Reduced Disclosure Framework* issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 February 2022 and of the Group's profit for the year then ended;
- the Company financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2022;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and as applied in accordance with the provisions of the Companies Act 2014;
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to listed entities, and we have

fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

### Risk assessment procedures

- Obtained an understanding of management's process for the use of the going concern basis of accounting;
- Considering whether events or conditions existed that may cast doubt on the entity's ability to continue as a going concern for a period not less than 12 months from the approval of the financial statements.

### Management's process for assessing going concern

- In conjunction with our walkthrough of the Group's financial statement close process, we engaged with management early to ensure key factors were considered in their assessment including controls;
- Obtained management's board-approved forecasted cash flows and covenant calculations for the going concern period which covers a period of at least 12 months from the date the financial statements are authorised for issue along with the Group's assessment models for specific stressed scenarios;
- Using our understanding of the business and through inspection and testing, evaluated and determined, whether the forecasting model and methods adopted by management in assessing going concern were appropriately sophisticated to be able to make an assessment for the Group; and
- Considered the consistency of information obtained from other areas of the audit such as the forecasts used for impairment assessments.

### Assumptions

- Considered past historical accuracy of management's forecasting;
- Tested the assumptions included in the model and stressed scenarios, noting that the model was prepared on a top-down basis, driven by volumes sold within each business unit and channel with different assumptions around reduction in revenue and cost inflation, we reviewed and challenged the key assumptions, corroborating to underlying available data;
- Tested the forecast models for each scenario to ensure that they were mathematically accurate; and
- Considered industry reports and market data for indicators of contradictory evidence, including a review of profit warnings within the sector.

# Independent Auditor's Report

## to the Members of C&C Group plc (continued)

### Debt facilities / liquidity

- Performed a detailed review of all borrowing facilities to assess their continued availability to the Group through the going concern assessment period and to ensure completeness of covenants identified by management; and
- Verified the covenant waivers in place covering the August 2022 and February 2023 measurement dates. As a result of the Equity Raise, the Group's banking covenants were renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x for the August 2022 assessment date after which the Group returns to its original debt covenants of Net Debt/Adjusted EBITDA covenant to not exceed 3.5x and the Interest cover covenant to be not less than 3.5x.

### Stress testing and Management's plans for future actions

- Performed sensitivity analysis assuming inflationary increases to operating costs in line with analyst forecasts and general economic sentiment, a change in revenue mix and reduction in revenue given the potential for changes in consumer behaviour as a result of the COVID-19 pandemic, which indicated that there was still liquidity headroom under these scenarios;
- Assessed the plausibility of management's stressed scenarios by evaluating the Group's actual performance in early FY23 and considering industry outlook analysis; and
- Evaluated management's ability to undertake mitigating actions to reduce cash outflows during the going concern assessment period to determine whether such actions are feasible.

### Disclosures

Reviewed the Group's going concern disclosures in the financial statements to ensure they are in accordance with International Financial Reporting Standards.

### Our key observations

We have observed that the Group has quickly recovered from the pandemic, returning to profitability in the latter part of the current year and generating operating cash flows of €33.0 million in the year ended 28 February 2022. The Group is not expected to be significantly impacted by Covid-19 in the going concern assessment period. Further, the Group has access to significant liquidity. The majority of the Group's long-term funding commitments mature after July 2024. At 28 February 2022, the Group has unrestricted cash and cash equivalents of €64.7 million and unused committed debt facilities of up to €374 million from a revolving bank credit facility expiring in July 2024.

### Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

### Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of 12 components and performed audit procedures on specific balances for a further 3 components</li> <li>• We performed specified procedures at a further 7 components that were determined by the Group audit team in response to specific risk factors</li> <li>• The components where we performed either full or specific audit procedures accounted for 94.3% of the Group's Profit before Tax from continuing operations, 99.6% of the Group's Net Revenue and 95.8% of the Group's Total Assets</li> <li>• Components represent business units across the Group considered for audit scoping purposes</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>• Going concern – presented in the '<b>Conclusions relating to going concern</b>' section above</li> <li>• Recoverability of on-trade receivable balances and advances to customers</li> <li>• Impairment assessment of goodwill and intangible brand assets</li> <li>• Assessment of the valuation of property, plant and equipment (PP&amp;E)</li> <li>• Revenue recognition</li> </ul>
Materiality	<ul style="list-style-type: none"> <li>• Overall Group materiality was assessed to be €3.85 million which represents approximately 5% of the Group's Normalised Earnings based on the average profit before tax and pre-exceptional items for the years ended 28 February 2019 to 28 February 2022 excluding 28 February 2021. We refer to this materiality basis as 'Normalised Earnings' throughout. In our prior year audit, we adopted a materiality of €3.7 million based on 0.5% of the Group's Net Revenue.</li> </ul>
What has changed?	<ul style="list-style-type: none"> <li>• In the current year, our auditor's report includes an amendment to the key audit matter <i>Assessment of the valuation of property, plant and equipment (PP&amp;E)</i>, where this key audit matter has been narrowed to exclude impairment assessment of equity accounted investments as the significant equity accounted investment is 'Held For Sale' at the year end.</li> </ul>

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Recoverability of on-trade receivable balances and advances to customers (Trade receivables 2022: €147.5m, 2021: €75.9m, advances to customers 2022: €43.0m, 2021: €42.1m)</b></p> <p>The Group has a risk through exposure to on-trade receivable balances and advances to customers who may experience financial difficulty given the ongoing COVID-19 pandemic and the withdrawal of government wage subsidies during the year.</p> <p>Refer to the Audit Committee Report (page 102); and Statement of Accounting Policies (pages 167 and 170); and Note 15 of the Consolidated Financial Statements (pages 203 to 204).</p>	<p>We have evaluated the process and key controls, designed and implemented by management, related to assessing recoverability of on-trade receivable balances and advances to customers.</p> <p>We have reviewed the model used by management in calculating the expected credit losses to ensure that it is compliant with IFRS 9 and adequately captures the additional risks in the current environment. We are satisfied that a consistent methodology tailored for local nuances has been applied in calculating expected credit losses.</p> <p>We have considered management's assumptions around the impact of the current environment on the debtor portfolios. Additionally, we have benchmarked the expected credit losses using information such as credit default swaps for comparable groups operating in the same sector and found these to be reasonable.</p> <p>Given the inherent level of uncertainty and the sensitivity of judgements and estimates, we reviewed all related disclosures of the key assumptions used and judgements made in estimating the Expected Credit Loss (ECL).</p>	<p>We completed our planned audit procedures with no exceptions noted.</p> <p>Our observations included our assessment of management's methodology for calculating expected credit losses in accordance with IFRS 9. We focused on the significant judgements made by management, benchmarked key assumptions and the appropriate disclosure of these in the financial statements.</p>

## Independent Auditor's Report to the Members of C&C Group plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Impairment assessment of goodwill &amp; intangible brand assets (2022: €656.5m, 2021: €646.0m)</b></p>	<p>We have evaluated the process and key controls, designed and implemented by management, related to the impairment assessment of goodwill &amp; intangible brand assets.</p>	<p>We completed our planned audit procedures with no exceptions noted.</p>
<p>The Group holds significant amounts of goodwill &amp; intangible brand assets on the balance sheet. In line with the requirements of IAS 36: 'Impairment of Assets' ('IAS 36'), management tests goodwill balances annually for impairment, and also tests intangible assets where there are indicators of impairment.</p>	<p>Valuations specialists within our team performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates, principally risk-free rates, country risk premia and inflation rates.</p>	<p>Our observations included our assessment of management's impairment model methodology and then for each CGU and intangible brand model:</p>
<p>The annual impairment testing was significant to our audit because of the financial quantum of the assets it supports as well as the fact that the testing relies on a number of critical judgements, estimates and assumptions by management. Judgemental aspects include cash-generating unit ('CGU') determination for goodwill purposes, assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.</p>	<p>We carefully considered the determination of the Group's 6 CGUs, and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over carrying amount in each CGU for goodwill purposes and in each model for the impairment assessment for intangible brand assets. For all models, we assessed the historical accuracy of management's estimates, corroborated key assumptions and benchmarked growth assumptions to external economic forecasts.</p>	<ul style="list-style-type: none"> <li>• whether the discount rates lay within an acceptable range;</li> <li>• the level of headroom of the present value of cash flows over the CGU and asset carrying amounts;</li> <li>• analysis of the 5-year forecast EBIT growth rate when viewed against the prior year and current year actual growth;</li> <li>• the results of our sensitivity analyses on the outcome of the value-in-use models which indicated management's conclusions were appropriate; and</li> <li>• all disclosures are appropriate to the requirements of IAS 36.</li> </ul>
<p>Refer to the Audit Committee Report (page 102); Statement of Accounting Policies (pages 161 to 162 and 169 to 170); and Note 12 of the Consolidated Financial Statements (pages 194 to 199).</p>	<p>We evaluated management's sensitivity analyses and performed our own sensitivity calculations to assess the level of excess of value-in-use over the goodwill and intangible brand carrying amount and whether a reasonably possible change in assumptions could cause the carrying amount to exceed its recoverable amount.</p>	
	<p>We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities, in particular the requirement to disclose further sensitivities for CGUs and intangible brands where a reasonably possible change in a key assumption would cause an impairment.</p>	
	<p>The above procedures were performed by the Group audit team.</p>	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Assessment of the valuation of property, plant and equipment (PP&amp;E) (2022: €146.0m, 2021: €139.3m)</b></p> <p>The Group carries its land and buildings at estimated fair value, its plant and machinery using a depreciated replacement cost approach and motor vehicles and other equipment at cost less accumulated depreciation and impairment losses.</p> <p>During the year, all land and buildings and plant and machinery were subject to independent expert valuations.</p> <p>We considered the valuation of these assets to be a risk area due to the size of the balances and the lack of comparable market data and observable inputs such as market based assumptions, plant replacement costs and plant utilisation levels due to the specialised nature of the Group's assets. The valuation of PP&amp;E involves significant judgement and therefore is susceptible to management override.</p> <p>Refer to the Audit Committee Report (page 102); Statement of Accounting Policies (pages 158 to 159 and 169); and note 11 of the Consolidated Financial Statements (pages 189 to 193).</p>	<p>We have evaluated the process and key controls, designed and implemented by management, related to assessing the valuation of property, plant and equipment.</p> <p>For PP&amp;E, we inspected the independent expert valuation reports to assess the integrity of the data and key assumptions underpinning the valuations.</p> <p>Our specialist valuation team performed an independent assessment on the reasonableness of the key assumptions and judgements underlying the valuations.</p> <p>We corroborated the key assumptions and considered consistency to market data and observable inputs.</p> <p>We ensured the related valuation adjustments were correctly reflected and we re-calculated depreciation considering the useful lives of the assets.</p> <p>We considered the adequacy of management's disclosures in respect of the valuation and whether the disclosures appropriately communicate the underlying sensitivities.</p> <p>All of the above procedures were performed predominantly by the Group audit team.</p>	<p>We completed our planned audit procedures with no exceptions noted.</p> <p>Our observations included:</p> <ul style="list-style-type: none"> <li>• an overview of the risk;</li> <li>• an outline of the procedures performed;</li> <li>• the judgements we focused on including the appropriateness of the depreciated replacement cost methodology; and</li> <li>• the results of our testing on the outcome of the valuations and in respect of the related disclosures.</li> </ul>

## Independent Auditor's Report to the Members of C&C Group plc (continued)

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Revenue recognition (2022: €1,438.1m, 2021: €736.9m)</b></p> <p>The Group generates revenue from a variety of geographies and across a large number of separate legal entities spread across the Group's two business segments.</p> <p>The Group's revenue particularly on supply, complex and non-standard customer contract agreements may not have been accounted for correctly. In this regard we focused our risk on revenue generated in connection with certain of the Group's arrangements with third parties entered into in order to utilise excess capacity and other material complex arrangements with customers.</p> <p>Revenue is an important element of how the Group measures its performance, and revenue recognition is therefore inherently susceptible to the risk of management override.</p> <p>Refer to the Audit Committee Report (page 102); Statement of Accounting Policies (page 164 ); and note 1 of the Consolidated Financial Statements (pages 171 to 174).</p>	<p>We considered the appropriateness of the Group's revenue recognition accounting policies; in particular, those related to supply, complex and non-standard customer contracts.</p> <p>For the purpose of our audit, the procedures we carried out included the following:</p> <ul style="list-style-type: none"> <li>• We have evaluated the systems and key controls, designed and implemented by management, related to revenue recognition.</li> <li>• We considered the appropriateness of the Group's revenue recognition policy.</li> <li>• We discussed with management the key assumptions, estimates and judgements related to recognition, measurement, classification of revenue and related disclosures in accordance with <i>IFRS 15: Revenue</i>.</li> <li>• In addition, we have discussed significant and complex customer contracts, discounts and the treatment of marketing contributions to ensure that accounting policies are applied correctly.</li> <li>• We performed journal entry testing and verification of proper cut-off at year-end.</li> </ul>	<p>We completed our planned audit procedures with no exceptions noted.</p> <p>Our observations included:</p> <ul style="list-style-type: none"> <li>• an overview of the risk;</li> <li>• an outline of the procedures performed; and</li> <li>• the judgements we focused on and the results of our testing.</li> </ul>

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group and Company to be €3.85 million, which is approximately 5% of the Group's Normalised Earnings based on the average Profit before Tax and pre-exceptional items for the years ending 28 February 2019 to 28 February 2022 excluding 28 February 2021, (2021: €3.7 million based on 0.5% of the Group's Net Revenue). We believe that Normalised Earnings provides us with the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the Group's equity and debt

stakeholders in the context of the Group which has not yet returned to a normalised level of profits.

During the course of our audit, we reassessed initial materiality and considered that no further changes to materiality were necessary.

### Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 50%) of our planning materiality, namely €1.93 million (2021: €1.85 million). We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected, consistent with the prior year.

### Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €0.193 million (2021: €0.18 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### An overview of the scope of our audit report

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements.

In determining those components in the Group to which we perform audit procedures, we utilised size and risk criteria when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 15 (2021: 18) components covering entities across Ireland, UK and the US, which represent the principal business units within the Group. Of the 15 (2021: 18) components selected, we performed an audit of the complete financial information of 12 (2021: 10) components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 3 (2021: 8) components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

In addition to the 15 (2021: 18) components discussed above, we selected a further 7 (2021: 6) components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors.

The reporting components where we performed audit procedures accounted for 99.6% (2021: 98.9%) of the Group's Profit/loss before Tax, 99.6% (2021: 99.6%) of the Group's Net Revenue and 95.9% (2021: 99.5%) of the Group's Total Assets.

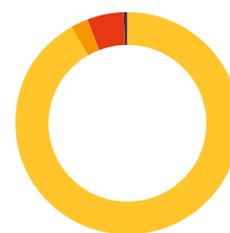
For the current year, the full scope components contributed 91.8% (2021: 85.0%) of the Group's Profit /loss before Tax, 99.6% (2021:

97.0%) of the Group's Net Revenue and 95.8% (2021: 97.3%) of the Group's Total Assets. The specific scope component contributed 2.5% (2021: 13.7%) of the Group's Profit/loss before Tax, 0.0% (2021: 0.0%) of the Group's Net Revenue and 0.0% (2021: 0.5%) of the Group's Total Assets. The components where we performed specified procedures that were determined by the Group audit team in response to specific risk factors contributed 5.3% (2021: 0.2%) of the Group's Profit/loss before Tax, 0.0% (2021: 2.6%) of the Group's Net Revenue and 0.1% (2021: 1.7%) of the Group's Total Assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components that together represent 0.4% (2021: 1.1%) of the Group's Profit/loss before Tax, none are individually greater than 5% (2021: 5%) of the Group's Profit/loss before Tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

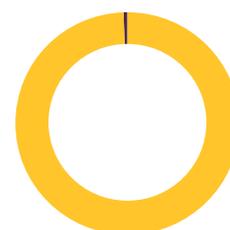
The charts below illustrate the coverage obtained from the work performed by our audit teams.

#### Profit before tax



91.8%	Full scope components
2.5%	Specific scope components
5.3%	Specified procedures
0.4%	Other procedures

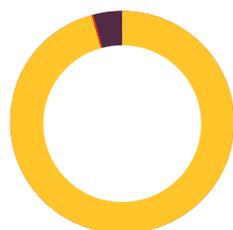
#### Net Revenue



99.6%	Full scope components
0.0%	Specific scope components
0.0%	Specified procedures
0.4%	Other procedures

## Independent Auditor's Report to the Members of C&C Group plc (continued)

### Total Assets



● 95.8%	Full scope components
● 0.0%	Specific scope components
● 0.1%	Specified procedures
● 4.1%	Other procedures

### Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

We issued detailed instructions to each component auditor in scope for the Group audit, with specific audit requirements and requests across key areas. During the current year's audit cycle, the Group audit team performed remote file reviews at Belfast, Glasgow and MCB. These visits involved discussing the audit approach and any issues arising with the component teams and holding discussions with local management and attending closing meetings.

The Group audit team interacted regularly with the component teams, where appropriate, during various stages of the audit, reviewed and evaluated the work performed by these teams, including review of key reporting documents, in accordance with the ISAs (Ireland) and were responsible for the overall planning, scoping and direction of the Group audit process. Senior members of the Group audit team also participated in component and divisional planning, interim and closing meeting calls during which the planning and results of the audits were discussed with the component auditors, local management and Group management. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

### Other conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report (set out on pages 34 to 43) that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation (set out on page 35) in the annual report that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- the directors' statement (set out on pages 43 to 44) in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.8.3(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation (set out on pages 44 to 45) in the annual report as to how they have assessed the prospects of the Group and the parent company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report any uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* (set out on page 96) – the statement given by the Directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* (set out on pages 100 to 105) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee or is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* (set out on page 91) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 6.8.6 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

### Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, is consistent with the financial statements; and
- the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Balance Sheet is in agreement with the accounting records.

### Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of 28 February 2021.

### Respective responsibilities

#### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 136, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the parent Company or to cease operations, or has no realistic alternative but to do so.

## Independent Auditor's Report to the Members of C&C Group plc (continued)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance.
- We understood how C&C Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal and external legal counsel and management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

This description forms part of our auditor's report.

### Other matters which we are required to address

We were appointed by the Audit Committee following an AGM held on 6 July 2017 to audit the financial statements for the year ending 28 February 2018 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group and we remain independent of the Group in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Pat O'Neill**  
for and on behalf of  
**Ernst & Young**

Chartered Accountants and Statutory Audit Firm  
Dublin  
17 May 2022

## Consolidated Income Statement

For the financial year ended 28 February 2022

	Notes	Year ended 28 February 2022			Year ended 28 February 2021			Total €m
		Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Before exceptional items €m	Exceptional items (note 5) €m	Total €m	
<b>Revenue</b>	1	<b>1,796.1</b>	-	<b>1,796.1</b>	1,022.8	-	1,022.8	
Excise duties		(358.0)	-	(358.0)	(285.9)	-	(285.9)	
<b>Net revenue</b>	1	<b>1,438.1</b>	-	<b>1,438.1</b>	736.9	-	736.9	
Operating costs	2	(1,390.2)	10.6	(1,379.6)	(796.5)	(25.2)	(821.7)	
<b>Group operating profit/(loss)</b>	1	<b>47.9</b>	<b>10.6</b>	<b>58.5</b>	(59.6)	(25.2)	(84.8)	
Profit on disposal	5	-	4.5	4.5	-	5.8	5.8	
Finance income	6	-	0.2	0.2	-	-	-	
Finance expense	6	(16.1)	(6.7)	(22.8)	(19.5)	(7.9)	(27.4)	
Share of equity accounted investments' profit/(loss) after tax	13	2.6	2.7	5.3	(6.1)	(8.8)	(14.9)	
<b>Profit/(loss) before tax</b>		<b>34.4</b>	<b>11.3</b>	<b>45.7</b>	(85.2)	(36.1)	(121.3)	
Income tax (expense)/credit	7	(6.2)	(2.4)	(8.6)	14.4	2.4	16.8	
<b>Group profit/(loss) for the financial year</b>		<b>28.2</b>	<b>8.9</b>	<b>37.1</b>	(70.8)	(33.7)	(104.5)	
<b>Basic earnings/(loss) per share (cent)</b>	9			<b>9.9</b>			(31.1)	
<b>Diluted earnings/(loss) per share (cent)</b>	9			<b>9.9</b>			(31.1)	

All of the results are related to continuing operations.

## Consolidated Statement of Comprehensive Income

For the financial year ended 28 February 2022

	Notes	2022 €m	2021 €m
<b>Other Comprehensive Income:</b>			
<b>Items that may be reclassified to Income Statement in subsequent years:</b>			
Foreign currency translation differences arising on the net investment in foreign operations	6	<b>11.9</b>	(17.4)
Foreign currency recycled on disposal of subsidiary	6	<b>(0.2)</b>	-
(Loss)/gain relating to cash flow hedges	24	<b>(0.1)</b>	0.3
<b>Items that will not be reclassified to Income Statement in subsequent years:</b>			
Revaluation of property, plant & equipment	11	<b>2.5</b>	0.9
Deferred tax on revaluation of property, plant and equipment	22	<b>(0.6)</b>	(0.2)
Actuarial gain on retirement benefits	23	<b>32.8</b>	13.4
Deferred tax charge on actuarial gain on retirement benefits	22	<b>(4.3)</b>	(1.6)
Share of equity accounted investments' Other Comprehensive Income	13	<b>2.2</b>	(0.4)
<b>Net gain/(loss) recognised directly within Other Comprehensive Income</b>		<b>44.2</b>	(5.0)
Group profit/(loss) for the financial year		<b>37.1</b>	(104.5)
<b>Total comprehensive income/(expense) for the financial year</b>		<b>81.3</b>	(109.5)

# Consolidated Balance Sheet

## As at 28 February 2022

	Notes	2022 €m	2021 €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	11	214.0	204.0
Goodwill & intangible assets	12	656.5	646.0
Equity accounted investments/financial assets	13	1.3	63.1
Retirement benefits	23	37.6	10.4
Deferred tax assets	22	27.0	24.6
Derivative financial assets	10	4.3	-
Trade & other receivables	15	43.0	41.8
		<b>983.7</b>	<b>989.9</b>
<b>Current assets</b>			
Inventories	14	168.2	121.3
Trade & other receivables	15	186.3	102.8
Cash		64.7	107.7
		<b>419.2</b>	<b>331.8</b>
Assets held for sale	16	65.8	13.9
		<b>485.0</b>	<b>345.7</b>
<b>TOTAL ASSETS</b>		<b>1,468.7</b>	<b>1,335.6</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Equity share capital	25	4.0	3.2
Share premium	25	347.2	171.3
Treasury shares	25	(36.0)	(36.5)
Other reserves	25	98.3	83.1
Retained income		285.5	225.0
<b>Total Equity</b>		<b>699.0</b>	<b>446.1</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	19	59.8	60.7
Interest bearing loans & borrowings	20	219.4	420.3
Retirement benefits	23	-	5.5
Provisions	18	3.9	6.5
Deferred tax liabilities	22	30.2	17.3
		<b>313.3</b>	<b>510.3</b>
<b>Current liabilities</b>			
Lease liabilities	19	20.2	18.9
Derivative financial liabilities	24	0.1	-
Trade & other payables	17	386.1	296.2
Interest bearing loans & borrowings	20	36.6	49.7
Provisions	18	8.2	6.2
Current income tax liabilities		5.2	5.8
		<b>456.4</b>	<b>376.8</b>
Liabilities directly associated with the assets held for sale		-	2.4
		<b>456.4</b>	<b>379.2</b>
<b>Total liabilities</b>		<b>769.7</b>	<b>889.5</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,468.7</b>	<b>1,335.6</b>

On behalf of the Board

**S Gilliland**

Chair

**D Forde**

Chief Executive Officer

**DATE**

17 May 2022

## Consolidated Cash Flow Statement

### For the financial year ended 28 February 2022

	Notes	2022 €m	2021 €m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Group profit/(loss) for the year		37.1	(104.5)
Finance income	6	(0.2)	-
Finance expense	6	22.8	27.4
Income tax expense/(credit)	7	8.6	(16.8)
(Profit)/loss on share of equity accounted investments	13	(5.3)	14.9
Impairment of intangible asset	12	0.6	0.3
Impairment of equity accounted investments	5,13	6.4	9.1
(Revaluation)/ impairment of property, plant & equipment	5	(0.6)	1.2
Depreciation of property, plant & equipment	11,19	29.2	28.2
Amortisation of intangible assets	12	2.6	2.6
Profit on disposal	5	(4.5)	(5.8)
Net profit on disposal of property, plant & equipment		(1.6)	(0.4)
Rights Issue costs recorded as exceptional	5	2.6	-
Charge for equity settled share-based payments	4	1.5	0.8
Pension contributions: adjustment from charge to payment	23	0.3	0.5
		<b>99.5</b>	<b>(42.5)</b>
(Increase)/decrease in inventories		<b>(43.6)</b>	18.2
(Increase)/decrease in trade & other receivables		<b>(84.0)</b>	39.6
Increase/(decrease) in trade & other payables		<b>89.6</b>	(97.2)
(Decrease)/increase in provisions		<b>(0.9)</b>	3.5
		<b>60.6</b>	<b>(78.4)</b>
Interest and similar costs paid		<b>(24.4)</b>	(23.4)
Income taxes (paid)/refunded		<b>(3.2)</b>	7.2
<b>Net cash inflow/(outflow) from operating activities</b>		<b>33.0</b>	<b>(94.6)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment	11	<b>(14.9)</b>	(8.4)
Purchase of intangible assets	12	<b>(2.2)</b>	(1.6)
Net proceeds on disposal of property, plant & equipment		<b>2.3</b>	1.0
Sale of business – net of cash disposed	10	<b>12.9</b>	6.7
Cash outflow re acquisition of equity accounted investments/financial assets	13	<b>(0.3)</b>	(6.9)
<b>Net cash outflow from investing activities</b>		<b>(2.2)</b>	<b>(9.2)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options/equity interests		<b>0.7</b>	0.3
Proceeds from Rights Issue	5	<b>176.3</b>	-
Drawdown of debt		<b>49.5</b>	570.9
Repayment of debt		<b>(271.7)</b>	(464.0)
Payment of lease liabilities	19	<b>(21.9)</b>	(19.0)
Payment of issue costs	20	-	(1.4)
Payment of Rights Issue costs	5	<b>(9.2)</b>	-
Dividends paid	8	-	(0.4)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(76.3)</b>	<b>86.4</b>
<b>Net decrease in cash</b>		<b>(45.5)</b>	<b>(17.4)</b>
<b>Reconciliation of opening to closing cash</b>			
Cash at beginning of year		<b>107.7</b>	123.4
Translation adjustment		<b>2.5</b>	1.7
Net decrease in cash		<b>(45.5)</b>	(17.4)
<b>Cash at end of financial year</b>		<b>64.7</b>	<b>107.7</b>

A reconciliation of cash to net debt is presented in note 21 to the financial statements.

## Consolidated Statement of Changes in Equity

For the financial year ended 28 February 2022

	Equity share capital €m	Share premium €m	Other capital reserves* €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	Total €m
<b>At 29 February 2020</b>	3.2	171.0	25.8	0.3	5.8	59.0	11.5	(36.6)	315.4	555.4
Loss for the financial year	-	-	-	-	-	-	-	-	(104.5)	(104.5)
Other comprehensive income/(expense)	-	-	-	0.3	-	(17.4)	0.9	-	11.2	(5.0)
<b>Total comprehensive income/(expense)</b>	-	-	-	0.3	-	(17.4)	0.9	-	(93.3)	(109.5)
Dividends on ordinary shares (note 8)	-	-	-	-	-	-	-	-	0.2	0.2
Exercised share options (note 25)	-	0.3	-	-	-	-	-	-	-	0.3
Reclassification of share-based payments reserve	-	-	-	-	(3.3)	-	-	-	3.3	-
Reclassification of cash flow hedge reserve	-	-	-	(0.6)	-	-	-	-	0.6	-
Sale of treasury shares/purchase of shares to satisfy employee share entitlements (note 25)	-	-	-	-	-	-	-	0.1	(0.1)	-
Equity accounted investment adjustment (note 13)	-	-	-	-	-	-	-	-	(1.1)	(1.1)
Equity settled share-based payments (note 4)	-	-	-	-	0.8	-	-	-	-	0.8
<b>Total transactions with owners</b>	-	0.3	-	(0.6)	(2.5)	-	-	0.1	2.9	0.2
<b>At 28 February 2021</b>	3.2	171.3	25.8	-	3.3	41.6	12.4	(36.5)	225.0	446.1
Profit for the financial year	-	-	-	-	-	-	-	-	37.1	37.1
Other comprehensive income/(expense)	-	-	-	(0.1)	-	11.7	2.5	-	30.1	44.2
<b>Total comprehensive income/(expense)</b>	-	-	-	(0.1)	-	11.7	2.5	-	67.2	81.3
Ordinary Share Capital Issued (note 25)	0.8	175.5	-	-	-	-	-	-	-	176.3
Share issue costs (note 5)	-	-	-	-	-	-	-	-	(6.6)	(6.6)
Exercised share options (note 25)	-	0.4	-	-	-	-	-	-	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	(0.4)	-	-	-	0.4	-
Sale of treasury shares/purchase of shares to satisfy employee share entitlements (note 25)	-	-	-	-	-	-	-	0.5	(0.5)	-
Equity settled share-based payments (note 4)	-	-	-	-	1.5	-	-	-	-	1.5
<b>Total transactions with owners</b>	0.8	175.9	-	-	1.1	-	-	0.5	(6.7)	171.6
<b>At 28 February 2022</b>	4.0	347.2	25.8	(0.1)	4.4	53.3	14.9	(36.0)	285.5	699.0

\*Other capital reserves include Other undominated reserve of €0.9m and the capital reserve of €24.9m

## Company Balance Sheet

### As at 28 February 2022

	Notes	2022 €m	2021 €m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	13	1,158.2	985.4
		1,158.2	985.4
<b>Current assets</b>			
Trade & other receivables	15	114.7	118.6
Cash		0.1	0.7
		114.8	119.3
<b>TOTAL ASSETS</b>		<b>1,273.0</b>	1,104.7
<b>EQUITY</b>			
Equity share capital	25	4.0	3.2
Share premium	25	1,048.2	872.3
Other reserves	25	4.2	3.1
Retained income		21.5	44.7
<b>Total equity</b>		<b>1,077.9</b>	923.3
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest bearing loans & borrowings	20	143.4	139.7
		143.4	139.7
<b>Current liabilities</b>			
Interest bearing loans & borrowings	20	(0.9)	4.7
Trade & other payables	17	52.6	37.0
		51.7	41.7
<b>Total liabilities</b>		<b>195.1</b>	181.4
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,273.0</b>	1,104.7

As permitted by section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its separate Income Statement in the Financial Statements and from filing it with the Registrar of Companies. The Company's loss for the financial year is €17.0m (FY2021: €8.8m). In the current financial year, there were no dividends received from subsidiaries (FY2021: €76.6m).

On behalf of the Board

**S Gilliland**

Chair

**D Forde**

Chief Executive Officer

**DATE**

17 May 2022

## Company Statement of Changes in Equity

For the financial year ended 28 February 2022

	Equity share capital €m	Share premium €m	Other undominated reserve €m	Share-based payments reserve €m	Retained income €m	Total €m
<b>Company</b>						
<b>At 29 February 2020</b>	3.2	872.0	0.9	4.7	50.0	930.8
Loss for the financial year	-	-	-	-	(8.8)	(8.8)
Total comprehensive expense	-	-	-	-	(8.8)	(8.8)
Dividend on ordinary shares (note 8)	-	-	-	-	0.2	0.2
Exercised share options (note 25)	-	0.3	-	-	-	0.3
Reclassification of share-based payments reserve	-	-	-	(3.3)	3.3	-
Equity settled share-based payments (note 4)	-	-	-	0.8	-	0.8
Total transactions with owners	-	0.3	-	(2.5)	3.5	1.3
<b>At 28 February 2021</b>	3.2	872.3	0.9	2.2	44.7	923.3
Loss for the financial year	-	-	-	-	(17.0)	(17.0)
Total comprehensive expense	-	-	-	-	(17.0)	(17.0)
Ordinary Share Capital Issued (note 25)	0.8	175.5	-	-	-	176.3
Share issue costs (note 5)	-	-	-	-	(6.6)	(6.6)
Exercised share options (note 25)	-	0.4	-	-	-	0.4
Reclassification of share-based payments reserve	-	-	-	(0.4)	0.4	-
Equity settled share-based payments (note 4)	-	-	-	1.5	-	1.5
Total transaction with owners	0.8	175.9	-	1.1	(6.2)	171.6
<b>At 28 February 2022</b>	4.0	1,048.2	0.9	3.3	21.5	1,077.9

# Statement of Accounting Policies

## For the year ended 28 February 2022

### Significant accounting policies

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2022 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investments for the year ended 28 February 2022.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 17 May 2022.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2022 are set out below. Except if mentioned otherwise these have been applied consistently for all periods presented in these financial statements and by all Group entities.

### Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and as applied in accordance with Companies Act 2014. The individual financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the financial statements of the Group include the equivalent disclosures, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share-Based Payments* in respect of Group equity settled share-based payments.

### Changes in accounting policies and disclosures

IFRS as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2022. The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 28 February 2022:

#### Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

The Group has completed a review of the implications for the Group as a result of the move from LIBOR to SONIA, it has found that all contracts and agreements have been updated accordingly. As such the basis of interest calculations which previously referenced LIBOR will be correct from 1 January 2022 and no further work is required.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

#### Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

On 28 May 2020, the IASB issued *COVID-19 Related Rent Concessions* - amendment to IFRS 16 *Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021, however earlier application is permitted. This amendment had no material impact on the consolidated financial statements of the Group.

### **IFRS and IFRIC interpretations being adopted in subsequent years**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2022 and have not been applied in preparing these consolidated financial statements.

These following new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment by the Group.

#### **Accounting standard/interpretation (Effective date)**

##### **Reference to the Conceptual Framework – Amendments to IFRS 3 (1 January 2022)**

- In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately. At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

##### **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (1 January 2022)**

- In May 2020, the IASB issued Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

##### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (1 January 2022)**

- In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (1 January 2022)**

- As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards*. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

##### **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (1 January 2022)**

- As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

#### *IAS 41 Agriculture – Taxation in fair value measurements*

- As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 *Agriculture*. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

#### *Disclosure of Accounting Policies - Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement (“PS”) 2 (1 January 2023)*

- In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

#### *Definition of Accounting Estimates - Amendments to IAS 8 (1 January 2023)*

- In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes

in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

#### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current (1 January 2023)*

- In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. However in July 2021, IASB tentatively decided to defer the effective date of the amendments to no earlier than 1 January 2024. The amendments are currently under assessment but are not expected to have a material impact on the Group.

#### *IFRS 17 Insurance Contracts (1 January 2023)*

- In May 2017, the IASB issued IFRS 17. It is expected to be effective for reporting periods beginning on or after 1 January 2023, with presentation of comparative figures required.

The Group will be unaffected by this standard given it does not issue insurance contracts.

#### *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12*

- In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted. The amendments are currently under assessment but are not expected to have a material impact on the Group.

## Significant accounting policies

The significant accounting policies applied by the Group in the preparation of these financial statements are as follows:

### Basis of preparation

The Group and the individual financial statements of the Company are prepared on the going concern and historical cost basis, except for, retirement benefits, the revaluation of certain items of property, plant & equipment, share-based payments at date of grant and derivative financial instruments. The accounting policies have been applied consistently by Group entities and for all periods presented.

The financial statements are presented in Euro millions to one decimal place.

#### (i) Going concern basis

The Directors have adopted the going concern basis in preparing the financial statements after assessing the Group's principal risks including the risks associated with COVID-19.

Following the Rights Issue that the Group successfully completed in June 2021 in which the Group raised £151m (€176m) and as a consequence of COVID-19, the debt covenants for 31 August 2022 were renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. Restrictions including a minimum liquidity requirement of €150.0m each month and a monthly gross debt limit of €700.0m also apply. The Group is on track to meet these amended covenants, which end in August 2022 and revert to the traditional covenant metrics (Net Debt: Adjusted EBITDA not exceeding 3.5:1 and Interest Cover not less than 3.5:1) for its FY2023 full year results. In fact, the Group is back within its traditional covenant metrics as at 28 February 2022. However the restrictions will continue to apply until the Group demonstrates compliance with the traditional covenant metrics at its FY2023 full year results, unless it can show Net Debt: Adjusted EBITDA not exceeding 3:1 and Interest Cover not less than 4:1 for its FY2023 half year results, in which case the restrictions will end at that point.

The proceeds from the Rights Issue of £151m (€176m), coupled with a return to profitability and cash generation following the easing of government restrictions around COVID-19 in our core markets and disciplined balance sheet management has led to net debt excluding leases and liquidity of €191m and €439m respectively at year end compared with €362m and €315m respectively in FY2021. The Group delivered a leverage of 3.4x Net Debt/EBITDA as at 28 February 2022 and as previously noted is back within its traditional covenant metrics.

The Group returned to profitability in May 2021 following the easing of government restrictions around COVID-19 in our core markets, with trading ahead of plan. However, renewed Government restrictions on the hospitality industry around the key Christmas trading period adversely impacted performance. With the lifting once again of restrictions towards the latter stages of FY2022, the Group's on-trade performance improved, providing a platform for a clean start to FY2023. Cost inflation pressures have grown over recent months and in response, the Group implemented a series of price increases which, alongside the previously announced €18.0m cost reduction programme and cost hedge positions taken, affords the Group a degree of protection from the inflationary environment as we enter into FY2023.

The Directors assessed the Group's cash flow forecasts for the period ending 31 August 2023 (the going concern "assessment period"). The Cashflows included various stress testing scenarios around higher costs, an evolving inflationary environment and reduced volumes, in part associated with the impact of the ongoing conflict in Ukraine, but even at FY2022 profit levels, which were significantly curtailed as a consequence of the COVID-19 restrictions, the Group would have sufficient headroom to covenants. The Group's cash flow forecasts assume the continuation of trading over the assessment period with no lockdowns or the reintroduction of COVID-19 restrictions.

#### Overall conclusion

The headroom on the covenants within the financing facilities have been reviewed in detail by management and assessed by the Directors. Given the successful Rights Issue in June 2021, the return to profitability in the Group's core markets, the price increases implemented, cost hedge positions taken and the disposal of the Group's share of Admiral Taverns in FY2023; the Group's cashflow forecasts demonstrate significant headroom on the covenants within the financing facilities. Given the quantum of headroom, the Directors have concluded that the covenants will be satisfied and therefore consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to the Group's ability to continue to do so.

### Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results of equity accounted investments for the year ended 28 February 2022.

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a reorganisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group except that the capital structure shown is that of the legal parent.

Non-controlling interests represents the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Income Statement and within equity in the Balance Sheet distinguished from Parent Company shareholders' equity, when relevant.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. If the Group loses control over a subsidiary, it derecognises the related assets (including Goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Income Statement. Any investment retained is recognised at fair value.

#### (ii) Investments in associates and jointly controlled entities (equity accounted investments)

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of the arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in its joint ventures are accounted for using the equity method from the date joint control is

deemed to arise until the date on which joint control ceases to exist or when the interest becomes classified as an asset held for sale. The Income Statement reflects the Group's share of profit after tax of the related joint ventures. Investments in joint ventures are carried in the Balance Sheet at cost, adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. If necessary, impairment losses on the carrying amount of an investment are reported within the Group's share of equity accounted investments results in the Income Statement.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of associates, until the date on which significant influence ceases. Dividends receivable from associates reduce the carrying amount of the investment.

#### (iii) Transactions eliminated on consolidation

All intercompany balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

Unrealised gains arising from transactions with equity accounted investments are eliminated against the investment to the extent of the Group's interest in the investment.

#### (iv) Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

#### Property, plant and equipment (note 11)

Property (comprising freehold land & buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income in the case of a revaluation gain, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent that an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of a similar plant sold, upon which to base a market approach of fair value, the Group uses a Depreciated Replacement Cost approach to determine a fair value for such assets.

Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

Motor vehicles & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated salvage value of 5% for other plant & machinery and 15% for storage tanks, over its expected useful life:

#### Land & Buildings

Land	n/a
Buildings – ROI, US, Portugal	2 - 6% straight-line
Buildings – UK	2 - 3% straight-line

#### Plant & Machinery

Storage tanks	2 - 7% straight-line
Other plant & machinery	6 - 32% reducing balance

#### Motor vehicles & other equipment

Motor vehicles	15% straight-line
Other equipment incl returnable bottles, cases and kegs	5 - 25% straight-line

Judgement is involved in the depreciation policy applied to certain fixed assets where there is considered to be a salvage value. The Group considers that such assets have a salvage value equal to 5% of cost for other plant & machinery and 15% for storage tanks, based on the expected scrap value of the associated assets. The salvage value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

On disposal of property, plant & equipment, the cost or valuation and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Income Statement and any amounts included within the revaluation reserve transferred to the retained income reserve.

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance recognised in the Income Statement.

Certain property, plant & equipment is remeasured to fair value at regular intervals. In these cases, the revaluation surplus is credited directly to Other Comprehensive Income and accumulated in equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the previous write down.

#### Leases (note 11 and note 19)

The Group enters into leases for a range of assets, principally relating to freehold land & buildings, plant & machinery and motor vehicles & other equipment. These leases have varying terms, renewal rights and escalation clauses.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception.

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

#### Group as a lessee

##### (i) Right-of-use assets

The Group recognises a right-of-use asset at the commencement date for contracts containing a lease. The commencement date is the date at which the asset is made available for use by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the lease liability adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term or, where a purchase option is reasonably certain to be exercised, over the useful economic life of the asset in line with depreciation rates for owned property, plant & equipment. The right-of-use asset is tested periodically for impairment if any impairment indicator is considered to exist.

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The commencement date is the date at which the asset is made available for use by the Group. Lease payments include fixed payments less any lease incentives receivable, variable payments that are dependent on a rate or index known at the commencement date, payments for an optional renewal period and purchase and termination option payments, if the Group is reasonably certain to exercise those options. Management applies judgement in determining whether it is reasonably certain that a renewal, termination or purchase option will be exercised.

The lease liability is initially measured at the present value of the future lease payments, discounted using the incremental borrowing rate or the interest rate implicit in the lease, if this is readily determinable, over the remaining lease term. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The Group chooses whether or not to include certain non-lease components, such as maintenance costs, in the measurement of the right-of-use asset and lease liability on an underlying asset class as afforded by the practical expedients in the standard. Where the non-lease components are not included, the costs are separated from lease payments and are expensed as incurred.

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases where the underlying asset value is low. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### Business combinations (note 10)

Upon making any investment, the Group is required to determine whether any control exists and hence whether the business acquired is accounted for as a subsidiary. If control is not deemed to exist then the investment is accounted for as either a joint venture, associate or financial asset depending on the relevant agreement. This determination is made based on an assessment of the Group's power to affect the activities of the investment and the extent to which it has exposure to variable returns and the ability to affect such returns. This assessment is based principally on shareholder agreements and representation of the Group on the investment's management committee as well as any relevant other side agreements.

Where an investment is made to the extent that the Group is deemed to have control over the investee, the investment is accounted for as a business combination using the acquisition method. In applying the acquisition method, the Group determines the cost of acquisition, being the fair value of consideration transferred, and also determines the fair value of identifiable assets and liabilities acquired.

Where the consideration to be transferred is contingent on future events the consideration is initially recorded at fair value with any changes recognised in the Income Statement. The only exception to this is where the consideration transferred meets the definition of an equity instrument, in which case the consideration is not remeasured, and the settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the cost of acquisition, non-controlling interests and any previous interest held over the fair value of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Income Statement immediately.

### Goodwill (note 12)

As at the date of acquisition any goodwill acquired is allocated to each cash-generating unit (CGU) (which may comprise more than one cash-generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. These CGUs represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the business segment retained.

Goodwill relating to associates and joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Where indicators of impairment of an investment arise in accordance with the requirements of IAS 36, the carrying amount is tested for impairment by comparing its recoverable amount with its carrying amount.

### Intangible assets (other than goodwill) (note 12)

An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

Software costs incurred with respect to new systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the development side of the project.

Cloud software license agreements to use cloud software are treated as service contracts and expensed in the Income Statement, unless the Group has both the contractual right to take possession of the software anytime without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the license agreement is capitalised as software within intangible assets.

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight-line basis on the assumption of zero residual value.

The useful lives of the Group's intangible assets are as follows:

Trade relationship re Tennent's acquisition	20 years
Trade relationship re Wallaces acquisition	10 years
Trade relationship re Gleeson acquisition	15 years
Trade relationship re Matthew Clark and Bibendum acquisition	15 years
Software and licence costs	5 - 8 years

### Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Goodwill and intangible assets with indefinite lives: Note 12
- Intangible assets: Note 12
- Property, plant and equipment: Note 11
- Investments in associates and joint ventures: Note 13

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Income Statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash-generating unit is tested for impairment prior to the end of the relevant annual period. Where the carrying value exceeds the estimated recoverable amount (being the greater of the fair value less costs of disposal and value-in-use), an impairment loss is recognised by writing down goodwill to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of goodwill is determined by reference to the cash-generating unit to which the goodwill has been allocated. Impairment losses arising in respect of goodwill are not reversed once recognised.

Intangible assets with indefinite useful economic lives are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

#### Retirement benefit obligations (note 23)

The Group operates a number of defined contribution and defined benefit pension schemes.

Obligations to the defined contribution pension schemes are recognised as an expense in the Income Statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

The resultant defined benefit pension net surplus or deficit is shown within either non-current assets or non-current liabilities on the face of the Balance Sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 23) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (discount rates, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses

and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense immediately in the Income Statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in Other Comprehensive Income. The amounts recognised in the Income Statement and Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used.

### Company

The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes.

## Income tax (note 7 and note 22)

### Current income tax

Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs, and allowances applicable in the jurisdictions in which the Group operates. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the Balance Sheet.

### Deferred tax

Deferred tax is provided on the basis of the Balance Sheet liability method on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:

- The initial recognition of goodwill or an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,

- Taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction. The carrying amounts of deferred tax assets are subject to review at each reporting date and are reduced to the extent that future taxable profits are considered to be insufficient to allow all or part of the deferred tax asset to be utilised.

The Group offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is also recognised in Other Comprehensive Income or equity.

### Company financial assets

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the fair value at that date of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

#### Revenue recognition

IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue comprises an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer, these are exclusive of value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. The Group recognises revenue in the amount of the price expected to be received for goods and services supplied at a point in time or over time, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Where revenue is earned over time as contractual performance obligations are satisfied, the percentage-of-completion method remains the primary method by which revenue recognition is measured.

The Group manufactures and distributes branded cider, beer, wine, spirits and soft drinks in which revenue is recognised at a point in time when control is deemed to pass to the customer upon leaving the Group's premises or upon delivery to a customer depending on the terms of sale. Contracts do not contain multiple performance obligations (as defined by IFRS 15).

Across the Group, goods are often sold with discounts or rebates based on cumulative sales over a period. The variable consideration is only recognised when it is highly probable that it will not be subsequently reversed and is recognised using the most likely amount or expected value methods, depending on the individual contract terms. In the application of appropriate revenue recognition, judgement is exercised by management in the determination of the likelihood and quantum of such items based on experience and historical trading patterns.

The Group is deemed to be a principal to an arrangement when it controls a promised good or service before transferring them to a customer; and accordingly recognises the revenue on a gross basis. The Group is determined to be an agent to a transaction, in circumstances where the Group arranges for the provision of goods or services by another third party, based on the principal of control; the net amount retained after the deduction of any costs to the principal is recognised as revenue.

#### Excise duty

Excise duty is levied at the point of production in the case of the Group's manufactured products and at the point of importation in the case of imported products in the relevant jurisdictions in which the Group operates. As the Group's manufacturing and warehousing facilities are revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale. 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 within Net revenue but is included within the cost of goods sold.

#### Net revenue

Net revenue is defined by the Group as revenue less excise duty paid by the Group.

#### 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 FY2022 year-end, 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.

## Finance income and expenses

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues in the Income Statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, losses on hedging instruments that are recognised in the Income Statement, ineffective portion of changes in the fair value of cash flow hedges and unwinding the discount on provisions and leases. All borrowing costs are recognised in the Income Statement using the effective interest method.

## Research and development

Expenditure on research that is not related to specific product development is recognised in the Income Statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

## Government grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received, and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

## Assets held for sale

Non-current assets, or disposal groups comprising of assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies as applicable.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in the Income Statement. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

## Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which; represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative Income Statement and Other Comprehensive Income is represented as if the operation had been discontinued from the start of the comparative year.

## Segmental reporting

Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker, the executive Directors, who are responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments.

Following a business review and organisational structure change in FY2022, this has transitioned from four segment operating model (Ireland, Great Britain, Matthew Clark and Bibendum and International) to a two segment operating model. The Group has determined that its reportable segments are Ireland and Great Britain. The reportable segments reflect the way financial information is reviewed by the Group's CODM.

The previous reportable segments, as disclosed in the Group's FY2021 annual report have been realigned to follow the Group's new operating segments and how the business will be managed internally going forward. The Group has restated the operating segment information for the year ended 28 February 2021 accordingly.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

For further information on operating segments see note 1.

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

#### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the presentation currency of the Group and both the presentation and functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation, which are recognised in the consolidated financial statements in Other Comprehensive Income until the disposal of the net investment, at which time they are recognised in the Income Statement for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period where that represents a reasonable approximation of actual rates. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future and as a consequence are deemed quasi equity in nature, are recognised directly in Other Comprehensive Income in the consolidated financial statements in the foreign currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments, is recognised directly in Other Comprehensive Income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the Income Statement for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the Income Statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-Euro denominated operations are not presented separately.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

#### Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The increase in the provision due to the passage of time is recognised in the Income Statement within finance expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable. Provisions are not recognised for future operating losses; however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made, and such revisions could have a material impact on the financial performance of the Group.

## Share-based payments

The Group operates a number of Share Option Schemes, Performance Share Plans and cash settled award schemes, listed below:

- Executive Share Option Scheme (the 'ESOS'),
- Long-Term Incentive Plan (the 'LTIP'),
- Recruitment and Retention Plan,
- Deferred Bonus Plan ('DBP'), and
- Partnership and Matching Share Schemes.

### Equity settled share-based payment transactions

Group share schemes allow certain employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the Income Statement as incurred.

All awards are subject to non-market vesting conditions only, the details of which are set out in note 4.

The expense for the share entitlements shown in the Income Statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Income Statement at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in consequence.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited post-vesting or lapse.

The dilutive effect of outstanding options, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, is reflected as additional share dilution in the determination of diluted earnings per share.

## Financial instruments

### Trade & other receivables

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost less loss allowance for impairment losses. The Group applies the simplified approach permitted by IFRS 9 *Financial Instruments* to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of these receivables approximates their fair value as these are short-term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Trade receivables are derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Cash

Cash in the Balance Sheet comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash for the purpose of the statement of cash flows.

### Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition. The Group Credit Committee reviews debt collection trends and commercial market information to assess any significant change in credit risk.

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

#### Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

#### Interest-bearing loans & borrowings

Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Where the early refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is derecognised and the replacement loan is recognised at fair value. The difference between the original loan and the fair value of the replacement loan is recognised in finance costs in the year.

#### Derivative financial instruments

Derivatives are initially recognised at fair value on the date that a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The gains or losses related to derivatives not used as effective hedging instruments are recognised in the Income Statement.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 24. Movements in the hedging reserve in shareholders' equity are shown in note 24. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The Group only trades derivatives for hedging activities. The Group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

#### Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement as finance expenses.

The Group uses forward contracts to hedge forecast transactions, the Group generally designates the full change in fair value of the forward contract, i.e. the forward rate including forward points, as the hedging instrument. Gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss, since the hedged item affects profit or loss (for example, through operating costs).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction is no longer expected to occur, the cumulative gain or loss that were reported in equity are immediately reclassified to profit or loss.

#### Cash flow hedge reserve

The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 24. Amounts are subsequently either transferred to the initial cost of inventory or reclassified to profit or loss as appropriate.

#### Net investment hedging

Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability is recognised in Other Comprehensive Income while the gain or loss on the ineffective portion is recognised immediately in the Income Statement. Cumulative gains and losses remain in Other Comprehensive Income until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on disposal.

#### Share capital/premium

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds.

### Treasury shares

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is classified as treasury shares on consolidation until such time as the Interests lapse and the shares are cancelled or disposed of by the Trust.

### Own shares acquired under share buyback programme

The cost of ordinary shares purchased by a subsidiary of the Group on the open market is recorded as a deduction from equity on the face of the Group Balance Sheet. When these shares are cancelled, an amount equal to the nominal value of any shares cancelled is included within other undenominated capital fund and the cost is deducted from retained earnings.

### Dividends

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.

### Significant Judgements and Estimates

The preparation of the consolidated financial statements in conformity with IFRS as adopted by the EU requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant judgements, estimates and assumptions used by management may differ from the actual outcome of the transaction and consequently the realised value of the associated assets and liabilities may vary. The Group has considered the impact of climate change on the consolidated financial statements, including the carrying value of assets, the useful economic life of assets, and provisions. The significant judgements and estimates which have been applied, and which are expected to have a material impact, are as follows:

#### Significant judgements

##### Income Taxes

The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take extended time periods to conclude. The ultimate tax charge may, therefore, be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance.

The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction.

##### Valuation of property, plant and equipment

The Group values its freehold land & buildings and plant & machinery at market value/Depreciated Replacement Cost and consequently, carries out an annual valuation. The Group engages external valuers to value the Group's property, plant & machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business combination. An external valuation was conducted at 28 February 2022 by PricewaterhouseCoopers LLP to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites.

The key assumptions used to determine the fair value of the freehold land & buildings and plant & machinery and sensitivity analyses are provided in note 11.

##### Sources of estimation uncertainty

##### Recoverable amount of goodwill

The impairment testing process requires management to make significant estimates regarding the future cash flows expected to be generated by cash-generating units to which goodwill has been allocated. Future cash flows relating to the eventual disposal of these cash-generating units and other factors may also be relevant to determine the fair value of goodwill. Management periodically evaluates and updates the estimates based on the conditions which influence these variables. The assumptions and conditions for determining impairments of goodwill reflect management's best assumptions and estimates (discount rates, terminal growth rates,

## Statement of Accounting Policies

### For the year ended 28 February 2022 (continued)

forecasted volume, net revenue, operating profit) but these items involve inherent uncertainties described above, many of which are not under management's control. The Group also considered the potential impact of climate change. This is an area of estimation and judgement. As a result, the accounting for such items could result in different estimates or amounts if management used different assumptions or if different conditions occur in future accounting periods.

The inputs to the value in use calculations are disclosed in note 12.

#### **Incremental borrowing rates on leases**

Management use estimation in determining the incremental borrowing rates for leases which has a significant impact on the lease liabilities and right-of-use assets recognised. The incremental borrowing rates includes several key components such as, a reference rate (incorporating currency, economic environment and term of lease); a financing spread adjustment, an entity specific adjustment (if applicable) and a lease specific adjustment (if applicable, for example, a property lease compared to vehicle/other leases, and the term of the lease).

Please refer to note 19 for the carrying amounts of the right-of-use assets and the lease liability impacted.

#### **Pension valuation**

Significant estimates are used in the determination of the pension obligation, the amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used. The assumptions underlying the actuarial valuations (including discount rates, rates of increase in future compensation levels, mortality rates, salary and pension increases, future inflation rates and healthcare cost trends), from which the amounts recognised in the consolidated financial statements are determined, are updated annually based on current economic conditions and for any relevant changes to the terms and conditions of the pension and post-retirement plans. These assumptions can be affected by (i) the discount rate, changes in the rates of return on high-quality corporate bonds; (ii) for future compensation levels, future labour market conditions and (iii) for healthcare cost trend rates, the rate of medical cost inflation in the relevant regions. The weighted average actuarial assumptions used and sensitivity analysis in relation to the significant assumptions employed in the determination of pension and other post-retirement liabilities are contained in note 23 to the consolidated financial statements.

Whilst management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the obligations and expenses recognised in future accounting periods. The assets and liabilities of defined benefit pension schemes may exhibit significant period-on-period volatility attributable primarily to changes in bond yields and longevity. In addition to future service contributions, cash contributions may be required to remediate past service deficits. A sensitivity analysis of the change in these assumptions is provided in note 23.

#### **Expected credit losses**

The Group applies the simplified approach permitted by IFRS 9 *Financial Instruments* to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Further to the impact of COVID-19 on the Group, estimates have been made around the credit losses expected to be incurred on the Group's financial assets – principally being trade receivables and trade loans. In determining the expected credit losses, the loss rates are determined based on the grouping of trade receivables sharing the same credit risk characteristics and past due days.

Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition.

Please refer to note 15 for the impact of the expected credit loss approach on the Group's trade receivables and advances to customers.

#### **Provision for obsolete stock**

As a result of COVID-19, the Group has provided for obsolete inventory with respect to inventory which has no alternate use or right of return to the supplier and/or where inventory has become obsolete due to COVID-19 restrictions in the on-trade.

Please refer to note 14 for details in relation to the provision for obsolete stock.

## Notes forming part of the financial statements

### 1. SEGMENTAL REPORTING

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 financial year; Ireland and Great Britain. In FY2021, the Group reported under four segments (Ireland, GB, MCB and International), however following a business review and organisational structure change in FY2022, this has been reduced to two for FY2022. The Group has restated the operating segment information for the year ended 28 February 2021 to conform with the current year presentation.

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 effectively manage the business and allocate resources.

The identified business segments are as follows:

#### (i) Ireland

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

#### (ii) Great Britain (GB)

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

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

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

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

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

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

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

## Notes forming part of the financial statements (continued)

### 1. SEGMENTAL REPORTING (continued)

#### (a) Analysis by reporting segment

	2022			2021*		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating loss €m
Ireland	338.3	224.3	16.7	269.8	166.1	(4.9)
Great Britain	1,457.8	1,213.8	31.2	753.0	570.8	(54.7)
<b>Total before exceptional items</b>	<b>1,796.1</b>	<b>1,438.1</b>	<b>47.9</b>	<b>1,022.8</b>	<b>736.9</b>	<b>(59.6)</b>
Exceptional items (note 5)	-	-	10.6	-	-	(25.2)
<b>Group operating profit/(loss)</b>	<b>1,796.1</b>	<b>1,438.1</b>	<b>58.5</b>	<b>1,022.8</b>	<b>736.9</b>	<b>(84.8)</b>
Profit on disposal (note 5)			4.5			5.8
Finance income (note 6)			0.2			-
Finance expense (note 6)			(16.1)			(19.5)
Finance expense exceptional items (note 5)			(6.7)			(7.9)
Share of equity accounted investments' profit/ (loss) before exceptional items (note 13)			2.6			(6.1)
Share of equity accounted investments' exceptional items (note 5)			2.7			(8.8)
<b>Profit/(loss) before tax</b>			<b>45.7</b>			<b>(121.3)</b>

\* The Group has restated the operating segment information for the year ended 28 February 2021 to conform with the current year presentation.

The exceptional items in the current financial year are a €10.6m credit, of which €9.2m relates to Ireland and €1.4m relates to Great Britain. Of the exceptional items in the prior financial year charge of €25.2m, €8.3m loss related to Ireland and a €16.9m loss related to Great Britain.

Profit on disposal of €4.5m in the current financial year relates to Great Britain. Profit on disposal of €5.8m in the prior financial year related to Ireland.

The share of equity accounted investments' profit after tax before exceptional items of €2.6m (FY2021: €6.1m loss) relates to Great Britain. The share of equity accounted investments' exceptional items of €2.7m (FY2021: €8.8m loss) relates to Great Britain.

Total assets for the year ended 28 February 2022 amounted to €1,468.7m (FY2021: €1,335.6m).

#### (b) Other operating segment information

	2022			2021*		
	Tangible and intangible expenditure €m	Lease additions €m	Depreciation /amortisation / impairment / revaluation €m	Tangible and intangible expenditure €m	Lease additions €m	Depreciation / amortisation / impairment/ revaluation €m
Ireland	7.3	4.1	6.2	1.9	0.9	6.1
Great Britain	5.9	19.0	25.6	12.2	11.0	26.2
<b>Total</b>	<b>13.2</b>	<b>23.1</b>	<b>31.8</b>	<b>14.1</b>	<b>11.9</b>	<b>32.3</b>

\* The Group has restated the operating segment information for the year ended 28 February 2021 to conform with the current year presentation.

## 1. SEGMENTAL REPORTING (continued)

### (c) Geographical analysis of revenue and net revenue

	Revenue		Net revenue	
	2022 €m	2021 €m	2022 €m	2021 €m
Ireland	338.3	269.8	224.3	166.1
Great Britain	1,439.0	726.1	1,195.1	544.6
International*	18.8	26.9	18.7	26.2
<b>Total</b>	<b>1,796.1</b>	<b>1,022.8</b>	<b>1,438.1</b>	<b>736.9</b>

\* International as a geographic region consists of multiple countries that in aggregate represent 1% of Group revenue.

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

### (d) Geographical analysis of non-current assets

	Ireland €m	Great Britain €m	International €m	Total €m
<b>28 February 2022</b>				
Property, plant & equipment	73.4	135.9	4.7	214.0
Goodwill & intangible assets	157.6	473.7	25.2	656.5
Equity accounted investments/financial assets	0.4	0.7	0.2	1.3
<b>Total</b>	<b>231.4</b>	<b>610.3</b>	<b>30.1</b>	<b>871.8</b>

	Ireland €m	Great Britain €m	International €m	Total €m
<b>28 February 2021</b>				
Property, plant & equipment	68.5	130.2	5.3	204.0
Goodwill & intangible assets	158.1	462.7	25.2	646.0
Equity accounted investments/financial assets	0.4	62.5	0.2	63.1
<b>Total</b>	<b>227.0</b>	<b>655.4</b>	<b>30.7</b>	<b>913.1</b>

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 the date of acquisition.

### (e) Disaggregated net revenue

In the following table, net revenue is disaggregated by principal activities and products. Principal activities and products is the primary basis on which management reviews its businesses across the Group. To aid in more useful analysis of the Group's business performance, the Group has introduced Branded and Distribution for the year ended 28 February 2022 to better reflect how the business is managed commercially and the distinct revenue sources which drive its performance as a brand-led distributor in the UK and Ireland.

Principal activities and products Net revenue	2022		Total €m
	Ireland €m	Great Britain €m	
Branded*	78.3	170.1	248.4
Distribution**	139.8	1,005.5	1,145.3
Co pack/Other	6.2	38.2	44.4
<b>Total Group from continuing operations</b>	<b>224.3</b>	<b>1,213.8</b>	<b>1,438.1</b>

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

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

## Notes forming part of the financial statements (continued)

### 1. SEGMENTAL REPORTING (continued)

Principal activities and products			
Net revenue	Ireland €m	2021*** Great Britain €m	Total €m
Branded*	48.6	133.4	182.0
Distribution**	114.0	394.2	508.2
Co pack/Other	3.5	43.2	46.7
<b>Total Group from continuing operations</b>	<b>166.1</b>	<b>570.8</b>	<b>736.9</b>

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

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

\*\*\* The Group has restated the disaggregated net revenue information for the year ended 28 February 2021 to conform with the current year presentation.

### 2. OPERATING COSTS

	Before exceptional items €m	2022 Exceptional items (note 5) €m	Total €m	Before exceptional items €m	2021 Exceptional items (note 5) €m	Total €m
Raw material cost of goods sold/bought in finished goods	1,108.9	-	1,108.9	562.1	-	562.1
Inventory write-down/(recovered) (note 14)	1.1	(4.1)	(3.0)	0.9	5.8	6.7
Employee remuneration (note 3)	125.5	0.6	126.1	101.6	6.8	108.4
Direct brand marketing	17.7	-	17.7	13.5	-	13.5
Other operating, selling and administration costs	102.4	(11.1)	91.3	86.6	2.7	89.3
Foreign exchange	0.5	-	0.5	(0.6)	-	(0.6)
Depreciation (note 11) (note 19)	29.2	-	29.2	28.2	-	28.2
Amortisation (note 12)	2.6	-	2.6	2.6	-	2.6
Net (profit)/loss on disposal of property, plant & equipment	0.2	(1.8)	(1.6)	0.3	(0.7)	(0.4)
Auditor's remuneration (a)	1.5	-	1.5	1.3	-	1.3
Impairment of intangible assets (note 12)	0.6	-	0.6	-	0.3	0.3
Impairment of equity accounted investment (note 13)	-	6.4	6.4	-	9.1	9.1
Net (revaluation)/impairment of property, plant & machinery (note 11)	-	(0.6)	(0.6)	-	1.2	1.2
<b>Total operating expenses</b>	<b>1,390.2</b>	<b>(10.6)</b>	<b>1,379.6</b>	<b>796.5</b>	<b>25.2</b>	<b>821.7</b>

(a) Auditor's remuneration: The remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, Ernst & Young, Chartered Accountants is as follows:

	EY Ireland 2022 €m	Other EY Offices 2022 €m	Total 2022 €m	EY Ireland 2021 €m	Other EY Offices 2021 €m	Total 2021 €m
Audit of the Group financial statements	0.4	-	0.4	0.5	-	0.5
Audit of subsidiaries	0.4	0.3	0.7	0.4	0.4	0.8
Non-audit services	0.4	-	0.4	-	-	-
<b>Total</b>	<b>1.2</b>	<b>0.3</b>	<b>1.5</b>	<b>0.9</b>	<b>0.4</b>	<b>1.3</b>

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current and prior financial year. There were €0.4m of non-audit fees paid to Ernst & Young during the current financial year (FY2021: €nil) in respect of services in connection with the Rights Issue.

## 2. OPERATING COSTS (continued)

(b) Cyber security expenses: On 19 April 2021, the Group announced that it had experienced a cyber security incident within its Matthew Clark and Bibendum (MCB) operations. In response, certain IT systems and applications used in those business units were pro-actively shut down and were securely restored over the course of a number of weeks. By the end of May 2021, MCB was again using their IT systems and applications. The cyber security incident affected MCB only, with other Group business and production sites unaffected throughout the period.

The Group incurred €2.6m of costs in FY2022 as a direct result of the cyber security incident in April. These costs primarily related to specialist advisory fees incurred to investigate and respond to the incident (€1.1m) and subsequent improvements and additional protection tools to enhance the security of the IT systems (€1.5m). Following the incident affecting Matthew Clark and Bibendum IT systems in April 2021, the Group has reviewed its information security and cyber preparedness policies and procedures, enhanced its Information Technology systems and controls, including the appointment of a Technology and Transformation Director and Group Head of IT. As a demonstration of the Group's commitment to tackling cyber security, it is currently pursuing Cyber Essentials Plus accreditation from the National Cyber Security Centre (NCSC).

## 3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Sales & marketing	435	519
Production & distribution	1,454	1,536
Administration	852	895
<b>Total</b>	<b>2,741</b>	<b>2,950</b>

The actual number of persons employed by the Group as at 28 February 2022 was 2,822 (FY2021: 2,653).

The aggregate remuneration costs of these employees can be analysed as follows:

	2022 €m	2021 €m
Wages, salaries and other short-term employee benefits, net of government grants (a)	106.7	82.9
Restructuring costs (note 5)	0.6	6.8
Social welfare costs	10.3	10.7
Retirement benefits – defined benefit schemes (note 23)	0.7	0.9
Retirement benefits – defined contribution schemes, including pension related expenses	5.5	5.8
Equity settled share-based payments (note 4)	1.5	0.8
Other non-equity settled share-based payments and PRSI accrued with respect to share-based payments	0.8	0.5
<b>Charged to the Income Statement</b>	<b>126.1</b>	<b>108.4</b>
Actuarial gain on retirement benefits recognised in Other Comprehensive Income (note 23)	(32.8)	(13.4)
<b>Total employee benefits</b>	<b>93.3</b>	<b>95.0</b>

### Directors' remuneration

	2022 €m	2021 €m
Directors' remuneration (note 28)	4.1	2.0

## Notes forming part of the financial statements (continued)

### 3. EMPLOYEE NUMBERS & REMUNERATION COSTS (continued)

#### (a) Government grants and assistance

In the current financial year, wages and salaries amounting to €106.7m (FY2021: €82.9m) are stated net of wage subsidies received by the Group from the Irish and UK governments. These wage subsidies are offset against the related wages and salaries expense over the period in which they were incurred. During FY2022, the Group availed of wage subsidies of €1.7m from the Irish government and €2.9m (£2.5m) from the UK government.

	2022	2021
	€m	€m
Temporary Wage Subsidy Scheme (Ireland)	-	1.3
Employment Wage Subsidy Scheme (Ireland)	1.7	2.9
Coronavirus Job Retention Scheme (UK)	2.9	21.9
<b>Grants related to income</b>	<b>4.6</b>	<b>26.1</b>

The Group has availed of the Irish and UK government schemes as a direct consequence of the COVID-19 pandemic. The Group has availed of the Temporary Wage Subsidy Scheme from 1 April 2020 to 31 August 2020 and the Employment Wage Subsidy Scheme from 1 September 2020 to 7 June 2021 in Ireland and the Coronavirus Job Retention Scheme in the UK from 1 April 2020 to 14 July 2021. The Group no longer avails of any wage subsidy schemes.

The Temporary Wage Subsidy Scheme was available to employers who lost a minimum of 25% of turnover as a result of the COVID-19 pandemic and who kept employees on their payroll during this time. The scheme was replaced by the Employment Wage Subsidy Scheme from 1 September 2020 with similar conditions to the preceding scheme, but with a turnover decline of 30% required compared to a similar period in FY2020.

In the UK, the Group availed of the Coronavirus Job Retention Scheme. Up to 30 June 2020, the scheme only applied to furloughed employees and employees still working in the Group were not eligible. From 1 July 2020, the UK government introduced a flexible furlough scheme where employees can work part time and an employer can claim subsidies which are passed on to employees for the hours not worked. In order to be eligible for the scheme, employees must have been on at least a three week furlough period prior to 10 June 2020.

In the current financial year, the Group was in compliance with all the conditions of the respective schemes. The grant income received has been offset against the related costs in operating costs in the Income Statement.

#### Government assistance

In addition, the Group received financial assistance by way of commercial rates waivers and deferrals of tax liabilities from the Irish and UK governments.

In Ireland the Group benefitted from a commercial rates waiver of €0.3m in FY2022 (FY2021: €1.0m).

Under the warehousing of tax liabilities legislation introduced by the Financial Provisions (COVID-19) (No. 2) Bill 2020 and Finance Act 2020 (Act 26 of 2020), VAT liabilities of €11.0m (FY2021: €19.1m) and payroll tax liabilities of €3.2m (FY2021: €1.3m) relating to FY2022 have been deferred. Payments made to the Irish tax authorities in respect of deferred tax liabilities during FY2022 totalled €14.5m for VAT and €2.1m for payroll taxes. No comparable payments were made in FY2021.

At the end of FY2022, the deferred VAT liabilities totalled €15.6m (FY2021: €19.1m) and deferred payroll liabilities totalled €2.5m (FY2021: €1.3m), mainly related to new FY2022 deferrals. It is envisaged that the deferred balances will be paid in full by September 2022, subject to any unforeseen COVID-19 implications over this time.

In the UK, no additional tax liabilities were deferred during FY2022 (FY2021: €57.0m (£49.6m)). Payments made to the UK tax authorities in respect of deferred tax liabilities during FY2022 totalled €32.7m (£27.9m) for VAT (FY2021: €nil (£nil)) and €15.0m (£12.8m) for Excise Duties (FY2021: €40.3m (£36.1m)).

### 3. EMPLOYEE NUMBERS & REMUNERATION COSTS (continued)

VAT liabilities of €0.2m (£0.1m) were deferred at the end of FY2022 (FY2021: €32.2m). Excise duty liabilities of €10.5m (£8.8m) were deferred at the end of FY2022 (FY2021: €24.8m), included in the Euro equivalent closing balances is a retranslation loss of €1.4m. Both the deferred VAT liabilities and the deferred excise duties are mainly related to new FY2022 deferrals and will be repaid in FY2023.

### 4. SHARE-BASED PAYMENTS

#### Equity settled awards

The Group has an established equity settled **Executive Share Option Scheme (“ESOS”)** in place under which options to purchase shares in C&C Group plc are granted to certain Executive Directors and members of management. Under the terms of the scheme, the options are exercisable at the market price prevailing at the date of the grant of the option.

Options were granted in June 2017, November 2017 and May 2018 under this scheme. The vesting of these awards is based on compound annual growth in underlying EPS over the three year performance period, commencing in the financial year when an award is granted. If compound annual growth in underlying EPS over the performance period is 2% per annum, then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance. Options granted in 2017 have achieved their performance conditions and therefore vested in full. Options granted in 2018 did not meet their performance conditions in FY2021 and therefore were deemed to have lapsed in the prior year.

The Group also has an established **Long-Term Incentive Plan (“LTIP”)** under the terms of which options to purchase shares in C&C Group plc are granted at nominal cost to certain Executive Directors and members of management. All such awards granted from June 2017 to December 2019 are subject to the following three performance conditions:

- 33% of the award is subject to compound annual growth in underlying EPS over the three year performance period. If compound annual growth in underlying EPS over the performance period is 3% per annum then 25% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 8% per annum then 100% of the awards vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio (“FCF”) of the Group (excluding the impact of exceptional items) would be 65% conversion, on average, over the three year performance period, at which case 25% of this element of the award would vest. If the FCF is 75% on average, then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed (“ROCE”) target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE is 10% then 100% of this element of the award would vest.

In all three components of the performance conditions of the LTIP there is straight-line vesting between both points and no reward for below threshold performance. Options granted in 2017 have achieved their performance conditions and therefore vested in full. The performance conditions for options granted in May 2018, February 2019, May 2019 and December 2019 were deemed to be no longer capable of achieving their performance conditions and were therefore deemed to have lapsed in the prior year.

The vesting of LTIP awards granted in December 2020 will be subject to an assessment of the Group’s underlying financial performance across the three-year period FY2021 – FY2023. Each award will also be subject to the following three separate performance conditions:

- 30% of the award was subject to FY2021 liquidity, which was defined as the Group’s cash on hand plus availability from the Group’s Revolving Credit Facility as at 28 February 2021. If liquidity was €250.0m, 25% of this element of the award would have vested and if liquidity was €300.0m, 100% of this element of the award would have vested. This condition was achieved in full in relation to FY2021 liquidity.
- 35% of the award is subject to FY2022 Net Debt to FY2022 EBITDA ratio, with a minimum threshold of 4.1 and a maximum threshold of 3.8 required. This condition was achieved in full in relation to FY2022 Net Debt to FY2022 EBITDA ratio.
- 35% of the award is subject to FY2023 financial measures. The details of these measures will be determined by the Board by no later than the start of the FY2023 performance period. The targets will be disclosed in the Group’s FY2023 Annual Report.

Threshold vesting in respect of any year will be no more than 25%, but subject to the overriding three-year financial performance assessment. No award will vest until the end of the full three year performance period, and Executive Directors’ awards will then be subject to a further two-year holding period.

## Notes forming part of the financial statements (continued)

### 4. SHARE-BASED PAYMENTS (continued)

The vesting of LTIP awards granted in June 2021 will be subject to the following performance conditions assessed across the three-year performance period FY2022 - FY2024. In each case, threshold vesting will be 25% of the maximum.

- 45% of the award is subject to certain EPS targets being met, with a minimum threshold set of 22c and a maximum of 27c. This is to be achieved by the end of the year 3 target range (end of FY2024) rather than as a cumulative target.
- 35% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ("FCF") of the Group (excluding the impact of exceptional items) would be a minimum threshold of 65% conversion and a maximum threshold of 75% by the end of the year 3 target range (end of FY2024) rather than as a cumulative target.
- 20% of the award is subject to the performance condition that certain environmental targets are met. To give impetus to the Group's de-carbonisation efforts, a target has been set to reduce its Scope 1 emissions (being direct emissions from owned or controlled sources, which includes emissions from company-owned or operated facilities and vehicles) and Scope 2 emissions (being indirect emissions from the generation of purchased energy e.g. electricity, steam, heat and cooling) over the three financial years ending with FY2024, with a threshold of a 6% reduction set and a maximum of a 12% reduction.

Following the appointment of David Forde as Group Chief Executive Officer, the Group made an award of 842,636 shares to David on 3 November 2020 ("**Buy-Out Awards**"). These shares were to compensate David for remuneration which he forfeited from his previous employment upon joining the Group. Reflecting the fact that the forfeited remuneration bought out was guaranteed cash-based remuneration, the closing share price on the day before the date of grant was used to calculate the number of shares to ensure the value was equal to the remuneration forfeited. The award will vest in respect of 50% of the shares in November 2022 ("**Buy-Out 1**") and 50% of the shares in November 2023 ("**Buy-Out 2**"). After sales of shares to cover tax, David Forde will be required to retain 50% of the shares acquired in satisfaction of the Group's Executive Director shareholding requirement.

In June 2010, the Group established a **Recruitment and Retention Plan ("R&R")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management, excluding Executive Directors.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee. Performance conditions vary per award but include, some or all, of the following conditions; continuous employment, performance targets linked to the business unit to which the recipient is aligned or a requirement to have a personal shareholding in the Company at the end of the performance period.

Obligations arising under the Recruitment and Retention Plan will be satisfied by the purchase of existing shares on the open market. Upon settlement, any difference between the amount included in the share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the Statement of Changes in Equity.

The Group also has a **Deferred Bonus Plan ("DBP")** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management. Awards under this plan are subject to a continuous employment performance condition only.

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc (partnership shares) that will be matched on a 1:1 basis by the Company (matching shares) subject to Revenue approved limits. Both the partnership and matching shares are held on behalf of the employee by the Scheme trustee, Link Group Limited. The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their partnership shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is up to five years.

The Group held 696,476 matching shares (1,392,646 partnership and matching) in trust at 28 February 2022 (FY2021: 564,152 matching shares (1,128,304 partnership and matching shares held)).

#### 4. SHARE-BASED PAYMENTS (continued)

In FY2020 the Group, recognising that some employees of Matthew Clark and Bibendum (“MCB”), which the Group acquired in FY2019, had previously lost money in a share scheme operated by the previous owners of MCB and prior to MCB being acquired by the Group, committed to allocating to those employees, C&C Group plc shares in May 2021, equivalent in value to the amount they had lost in the share scheme of the previous owners of MCB. The employees must also be investing in the Group’s partnership and matching share scheme to qualify for the award. In the current financial year, these awards were granted with immediate vesting to participants who were still employees of the Group on the date of grant.

##### Award valuation

The fair values assigned to the equity settled awards granted were computed in accordance with a Black Scholes valuation methodology.

As per IFRS 2 *Share-based Payment*, non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

The main assumptions used in the valuations for equity settled share-based payment awards granted in the current and prior financial years were as follows:

	LTIP options granted Jun 21	LTIP options granted Dec 20	Buy-Out 1 options granted Nov 20	Buy-Out 2 options granted Nov 20	R&R options granted Jun 21	R&R options granted May 21	R&R options granted Nov 20	R&R options granted Oct 20	DBP options granted Oct 20
Fair value at date of grant	€2.70	€2.47*	€1.51*	€1.51*	€2.70	€2.90	€1.51*	€1.85*	€1.85*
Exercise price	-	-	-	-	-	-	-	-	-
Risk free interest rate	0.16%	-	-	-	0.02%	-	-	-	-
Expected volatility	38.9%	36.8%	38.3%	34.6%	44.7%	n/a	41.0%	37.8%	37.8%
Expected term until exercise									
–years	3	3	2	3	1	Immediate	1.5	2	2
Dividend yield	-	-	-	-	-	-	-	-	-

\* The Group completed a successful Rights Issue in June 2021 at a discounted price of £1.86. The number of options/equity interests granted and the fair value at date of grant were rebased following the Rights Issue.

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. Due to the Group not paying dividends in the current financial year dividend yield has been set to zero. For LTIP, DBP and the Buy-Out awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

## Notes forming part of the financial statements (continued)

### 4. SHARE-BASED PAYMENTS (continued)

Details of the share entitlements and share options granted under these schemes together with the share option expense are as follows:

Grant date	Vesting period	Number of options/ equity Interests granted*	Number deemed outstanding at 28 February 2022**	Grant price €	Market value at date of grant €	Fair value at date of grant* €	Expense / (income) in Income Statement 2022 €m	Expense / (income) in Income Statement 2021 €m
<b>Executive Share Option Scheme</b>								
1 June 2017	3 years	840,568	156,699	3.40	3.364	0.307	-	-
13 November 2017	3 years	246,211	-	2.93	2.880	0.219	-	-
31 May 2018	3 years	939,466	-	2.99	2.99	0.255	-	(0.1)
<b>Long-Term Incentive Plan</b>								
1 August 2017	3 years	500,534	93,522	-	3.069	2.876	-	0.1
13 November 2017	3 years	164,140	-	-	2.880	2.880	-	0.1
31 May 2018	3 years	626,311	-	-	2.990	2.990	-	(0.6)
11 February 2019	3 years	478,343	-	-	3.05	3.05	-	(0.4)
23 May 2019	3 years	605,249	-	-	3.71	3.71	-	(0.3)
12 December 2019	3 years	293,961	-	-	4.66	4.66	-	(0.1)
2 December 2020	3 years	824,888	824,888	-	2.54	2.47	<b>0.7</b>	0.2
15 June 2021	3 years	812,921	812,921	-	2.74	2.70	<b>0.5</b>	-
<b>Buy-Out Award</b>								
3 November 2020	2-3 years	899,254	899,254	-	1.685	1.51	<b>0.6</b>	0.2
<b>Recruitment &amp; Retention Plan</b>								
30 October 2015	2 years	490,871	7,689	-	3.60	3.20	-	-
12 May 2016	1.5-2.5 years	194,003	-	-	4.041	3.54	-	-
1 August 2017	1.8 years	65,585	17,750	-	2.8172	2.64	-	-
11 February 2019	2-3 years	477,081	6,008	-	3.05	2.47 – 2.77	<b>(0.7)</b>	0.4
12 December 2019	2.5 years	476,052	204,255	-	4.66	4.00	<b>(0.2)</b>	0.8
18 February 2020	2 years	60,171	60,171	-	4.52	3.91	<b>0.1</b>	0.1
22 October 2020	2 years	17,826	17,826	-	1.98	1.85	-	-
3 November 2020	1.5 years	149,041	149,041	-	1.61	1.51	<b>0.2</b>	0.1
27 May 2021****	Immediate	196,963	139,255	-	2.93	2.90	-	0.3
15 June 2021	1 year	170,230	170,230	-	2.74	2.70	<b>0.3</b>	-
		9,561,915	3,577,335				<b>1.5</b>	<b>0.8</b>
Partnership and Matching Share Schemes		1,392,646***					<b>0.7</b>	<b>0.7</b>

\* The Group completed a successful Rights Issue in June 2021 at a discounted price of £1.86. The number of options/equity Interests granted and the fair value at date of grant were rebased following the Rights Issue.

\*\* Excludes awards that are deemed to be not capable of achieving their performance conditions as at 28 February 2022.

\*\*\* Includes both partnership and matching shares.

\*\*\*\* Previously named 'MCB compensation awards'.

The amount charged to the Income Statement includes a credit of €0.9m (FY2021: €1.5m), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer capable of being achieved or the employee has left the Group.

#### 4. SHARE-BASED PAYMENTS (continued)

A summary of activity under the Group's equity settled share option schemes with the weighted average exercise price of the share options is as follows:

	2022		2021	
	Number of options/ equity Interests	Weighted average exercise price €	Number of options/ equity Interests	Weighted average exercise price €
Outstanding at beginning of year	3,160,858	0.30	4,788,136	1.00
Granted	1,380,647*	-	1,788,653	-
Exercised	(265,749)	1.61	(1,002,587)	0.29
Forfeited/lapsed	(698,421)	-	(2,413,344)	1.47
<b>Outstanding at end of year</b>	<b>3,577,335</b>	<b>0.15</b>	<b>3,160,858</b>	<b>0.30</b>

\* The granted value of shares includes the shares allotted in FY2022 as a result of the number of options/equity Interests granted and the fair value at date of grant being rebased following the Rights Issue.

The aggregate number of share options/equity Interests exercisable at 28 February 2022 was 420,923 (FY2021: 469,977).

The unvested share options/equity Interests (excluding those awards which are not deemed capable of vesting) outstanding at 28 February 2022 have a weighted average vesting period outstanding of 1.4 years (FY2021: 1.9 years). The weighted average contractual life outstanding of vested and unvested share options/equity Interests (excluding those which are not deemed capable of vesting) is 5.9 years (FY2021: 6.6 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was £2.55 or €2.97 euro equivalent (FY2021: €2.48); the average share price for the year was £2.45 or €2.87 euro equivalent (FY2021: €2.41); and the market share price as at 28 February 2022 was £2.11 or €2.52 euro equivalent (28 February 2021: £2.58 or €2.96 euro equivalent).

#### 5. EXCEPTIONAL ITEMS

	2022 €m	2021 €m
COVID-19 (a)	17.5	(4.6)
Restructuring costs (b)	1.2	(8.1)
Impairment of equity accounted investment (c)	(6.4)	(9.1)
Reversal of impairment/(impairment) of property, plant & equipment (d)	0.6	(1.2)
Rights Issue costs (e)	(2.6)	-
Other (f)	0.3	(2.2)
<b>Operating profit/(loss) exceptional items</b>	<b>10.6</b>	<b>(25.2)</b>
Profit on disposal (g)	4.5	5.8
Finance income (h)	0.2	-
Finance expense (i)	(6.7)	(7.9)
Share of equity accounted investments' exceptional items (c)	2.7	(8.8)
<b>Included in profit/(loss) before tax</b>	<b>11.3</b>	<b>(36.1)</b>
Income tax (charge)/credit (j)	(2.4)	2.4
<b>Included in profit/(loss) after tax</b>	<b>8.9</b>	<b>(33.7)</b>

## Notes forming part of the financial statements (continued)

### 5. EXCEPTIONAL ITEMS (continued)

#### (a) COVID-19

The Group has continued to account for the ongoing COVID-19 pandemic as an exceptional item and has realised an exceptional credit of €17.5m from operating activities at 28 February 2022 (FY2021: charge of €4.6m). The Group reviewed the recoverability of its debtor book and advances to customers and booked a credit of €7.9m with respect to its provision against trade debtors (FY2021: €6.1m) and a credit of €5.5m with respect to its provision for advances to customers (FY2021: charge of €1.2m). The Group also realised an exceptional credit of €4.1m with respect to inventory (FY2021: charge of €5.8m), this related to inventory that had previously been deemed at risk of obsolescence in FY2021, all as a consequence of the COVID-19 restrictions.

In the prior financial year, the Group also incurred costs of €1.7m with respect to a provision for lost kegs, €0.3m with respect to the write off of an IT intangible asset where the project was not completed due to COVID-19 and a net credit of €0.6m with respect to the release of a trade provision. Other costs of €2.3m were incurred, which included site improvement costs, impairment of brand dispense equipment and an excess holiday accrual all directly linked to the pandemic.

#### (b) Restructuring costs

A credit of €1.2m relating to restructuring costs was incurred in the current financial year. This included severance costs of €0.6m, all of which arose as a consequence of the optimisation of the delivery networks in England and Scotland. In addition, the Group realised a credit of €1.8m in relation to the profit on disposal of a property, as a direct consequence of the optimisation project.

Restructuring costs of €8.1m were incurred in the prior financial year. These included severance costs of €6.8m, of which €4.9m was incurred with respect to the restructuring of the Group as a consequence of the COVID-19 pandemic and €1.9m arose as a consequence of the optimisation of the delivery networks in England and Scotland. The Group also incurred additional costs of €2.0m with respect to the optimisation of the delivery networks in England and Scotland which was offset by a credit of €0.7m relating to the profit on disposal of a property as a direct consequence of the optimisation project.

#### (c) Equity accounted investments' exceptional items

On 17 May 2022, the Group announced the sale of its joint venture investment in Admiral Taverns, to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). The sale of the shares will be completed and the consideration will be paid in three tranches during FY2023, subject only to FCA approval. Admiral Taverns was classified as an asset held for sale as at 24 February 2022.

The net impact of exceptional items in relation to Admiral is a charge of €3.7m (FY2021: €17.7m). The Group continued to equity account for this investment up until this date, with the Group recognising a credit of €2.7m with respect to its share of Admiral Taverns' exceptional items (FY2021: €8.8m charge). This included a credit of €4.1m with respect to the Group's share of the revaluation gain arising from the fair value exercise to value Admiral's property assets (FY2021: €7.0m loss). The Group also recognised an exceptional charge of €1.4m (FY2021: €1.8m) in relation to its share of other exceptional items for the year, including the Group's share of acquisition costs of €1.4m incurred with respect to Admiral Taverns' acquisition of Hawthorn. The Group also recognised its share of other exceptional items for the year of €0.5m, primarily relating to restructuring costs. This was offset by a release from the expected loss provision with respect to the recoverability of Admiral Taverns' debtor book as a consequence of COVID-19 of €0.5m.

As a result of the same property valuation exercise, a gain of €2.2m with respect to the Group's share of the revaluation was recognised in Other Comprehensive Income (FY2021: €0.4m loss).

## 5. EXCEPTIONAL ITEMS (continued)

Also in the current financial year, the Group assessed the carrying value of its equity accounted investment as a result of its classification as an asset held for sale as at 24 February 2022 and recognised an impairment charge of €6.4m (FY2021: €8.9m). This impairment charge reverses previously accumulated gains and losses in relation to the application of equity accounting for the Admiral Taverns investment, to reflect the recoverable value of the Group's investment in line with the agreed consideration of £55.0m (€65.9m at date of classification as held for sale, €65.8m at year-end rate).

In the prior financial year, the Group also recorded an impairment charge of €0.2m with respect to the carrying value of its investment in Drygate Brewing Company Limited.

### (d) Reversal of impairment of property, plant & equipment

Property (comprising freehold land & buildings) and plant & machinery are valued at fair value on the Consolidated Balance Sheet and reviewed for impairment on an annual basis. During the current financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites. Using the valuation methodologies, this resulted in a net revaluation gain of €0.6m (FY2021: €1.2m net loss) accounted for in the Consolidated Income Statement and a gain of €2.5m (FY2021: €0.9m) accounted for within Other Comprehensive Income.

### (e) Rights Issue costs

The Group completed a successful Rights Issue in June 2021 issuing 81,287,315 New Ordinary Shares at 186 pence per New Ordinary Share, raising gross proceeds of £151.2m (€176.3m). Attributable costs of €9.2m were incurred, of which €6.6m was debited directly to Equity and €2.6m was recorded as an exceptional charge in the Group's Condensed Consolidated Income Statement.

### (f) Other

During the current financial year €0.3m was released against a provision for legal disputes (FY2021: €2.2m charge).

### (g) Profit on disposal

During the current financial year, as outlined in further detail in note 10, the Group completed the sale of its wholly owned US subsidiary, Vermont Hard Cider Company to Northeast Kingdom Drinks Group, LLC on the 2 April 2021 for a total consideration of €17.5m (USD 20.5m) (comprised of cash proceeds of €13.4m (€12.9m net cash impact on disposal) and promissory notes of €4.1m at the date of transaction), realising a profit of €4.5m on disposal.

During the prior financial year, the Group disposed of its Tipperary Water Cooler business for an initial consideration of €7.4m, realising a profit of €5.8m on disposal.

### (h) Finance income

The Group earned finance income of €0.2m (FY2021: €nil) relating to promissory notes issued as part of the disposal of the Group's subsidiary Vermont Hard Cider Company.

### (i) Finance expense

The Group incurred costs of €6.7m (FY2021: €7.9m) during the current financial year directly associated with continued covenant waivers including waiver fees, increased margins payable and other professional fees associated with covenant waivers, negotiated in the prior year due to the impact of COVID-19.

### (j) Income tax (charge)/credit

The tax charge in the current financial year, with respect to exceptional items amounted to €2.4m (FY2021: €2.4m credit).

## Notes forming part of the financial statements (continued)

### 6. FINANCE INCOME AND EXPENSE

	2022 €m	2021 €m
<b>Recognised in Income Statement</b>		
<b>Finance expense:</b>		
Interest expense	(9.4)	(13.1)
Other finance expense	(3.4)	(2.9)
Interest on lease liabilities	(3.3)	(3.5)
Total finance expense	(16.1)	(19.5)
<b>Exceptional finance expense:</b>		
Interest expense	(6.7)	(7.9)
Total exceptional finance expense	(6.7)	(7.9)
<b>Exceptional finance income:</b>		
Interest income	0.2	-
Total exceptional finance income	0.2	-
<b>Net finance expense</b>	<b>(22.6)</b>	<b>(27.4)</b>
	2022 €m	2021 €m
<b>Recognised directly in Other Comprehensive Income</b>		
Foreign currency translation differences arising on the net investment in foreign operations	11.9	(17.4)
Foreign currency recycled on disposal of subsidiary	(0.2)	-
<b>Net income/(expense) recognised directly in Other Comprehensive Income</b>	<b>11.7</b>	<b>(17.4)</b>

## 7. INCOME TAX

### (a) Analysis of expense/(credit) in year recognised in the Income Statement

	2022 €m	2021 €m
Current tax:		
Irish corporation tax	2.3	2.3
Foreign corporation tax	2.0	(4.0)
Adjustment in respect of previous years	(1.4)	(2.0)
	<b>2.9</b>	<b>(3.7)</b>
Deferred tax:		
Irish	0.5	0.6
Foreign	2.2	(14.2)
Adjustment in respect of previous years	3.1	0.2
Rate change impact	(0.1)	0.3
	<b>5.7</b>	<b>(13.1)</b>
<b>Total income tax expense/(credit) recognised in Income Statement</b>	<b>8.6</b>	<b>(16.8)</b>
Relating to continuing operations		
– continuing operations before exceptional items	6.2	(14.4)
– continuing operations exceptional items	2.4	(2.4)
<b>Total</b>	<b>8.6</b>	<b>(16.8)</b>

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below:

	2022 €m	2021 €m
Profit/(loss) before tax	45.7	(121.3)
Less: Group's share of equity accounted investments' (profit)/loss after tax	(5.3)	14.9
Adjusted profit/(loss) before tax	40.4	(106.4)
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	5.1	(13.3)
<b>Actual tax expense/(credit) is affected by the following:</b>		
Expenses/(non-taxable income) not deductible for tax purposes	1.7	(4.8)
Adjustments in respect of prior years	1.7	(1.8)
Income taxed at rates other than the standard rate of tax	5.8	(4.1)
Group relief (received)/surrendered	(4.4)	0.5
Other	0.2	-
(Recognition)/non-recognition of deferred tax assets	(1.5)	6.7
<b>Total income tax expense/(credit)</b>	<b>8.6</b>	<b>(16.8)</b>

## Notes forming part of the financial statements (continued)

### 7. INCOME TAX (continued)

#### (b) Deferred tax recognised directly in Other Comprehensive Income

	2022 €m	2021 €m
Deferred tax arising on revaluation of property, plant & machinery reflected in revaluation reserve	0.6	0.2
Deferred tax arising on movement of retirement benefits	4.3	1.6
<b>Total deferred tax charge</b>	<b>4.9</b>	<b>1.8</b>

#### (c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates. Under Finance Act 2021, the current UK corporation tax of 19% will increase to 25% from 1 April 2023. It is expected that Ireland will enact a minimum corporation tax rate of 15%, for groups with annual consolidated revenue in excess of €750m, towards the end of 2022 or the start of 2023. The Group is actively monitoring these developments.

### 8. DIVIDENDS

	2022 €m	2021 €m
<b>Dividends charged to Income Statement:</b>		
Final: €nil dividend paid (FY2021: €nil dividend paid)	-	-
Interim: €nil dividend paid (FY2021: €nil dividend paid)	-	-
Credit with respect to share-based payments dividend entitlements	-	(0.2)
<b>Total equity dividends</b>	<b>-</b>	<b>(0.2)</b>
 Settled as follows:		
Paid in cash	-	-
Scrip dividend	-	-
(Credit)/charge with respect to share-based payments dividend entitlements	-	(0.2)
	-	(0.2)

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. In the prior financial year, a credit of €0.2m was a consequence of dividend accruing share-based payment awards deemed to have lapsed and their related dividend accrual being released.

Also in the prior financial year, a payment of €0.4m was made to recipients of dividend accruing share based payment awards, where the award was exercised in the prior financial year and the resulting dividends accrued over the vesting period were paid.

Due to the continued impact of COVID-19, no interim dividend was paid and no final dividend is being declared with respect to FY2022. Total dividends for the prior financial year was €nil. Total dividends of €nil (final dividend with respect to FY2021 and interim dividend with respect to FY2022) were recognised as a deduction from the retained income reserve in the year ended 28 February 2022 (FY2021: €nil). In the prior financial year, a credit of €0.2m was recorded as a consequence of dividend accruing share-based payment awards deemed to have lapsed and their related dividend accrual being released.

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.

## 9. EARNINGS PER ORDINARY SHARE

### Denominator computations

	2022 Number '000	2021 Number '000
Number of shares at beginning of year	320,480	319,495
Shares issued in respect of options exercised	147	985
Shares issued in respect of Rights Issue	81,287	-
<b>Number of shares at end of year (note 25)</b>	<b>401,914</b>	320,480
Weighted average number of ordinary shares (basic)*	374,560	336,236**
Adjustment for the effect of conversion of options	1,374	-
Weighted average number of ordinary shares, including options (diluted)	375,934	336,236**

\* Excludes 10.7m treasury shares (FY2021: 10.8m).

\*\* During the current financial year, the Group completed a Rights Issue at a discounted price of £1.86. As the rights price was issued at a discount, this was equivalent to a bonus issue of shares combined with a full market price. As such, IAS 33 *Earnings Per Share* requires an adjustment to the number of shares outstanding before the Rights Issue to reflect the bonus element inherent in it and also for this to be included in the EPS calculation for the prior period presented so as to provide a comparable result.

### Profit/(loss) attributable to ordinary shareholders

	2022 €m	2021 €m
Group profit/(loss) for the financial year	37.1	(104.5)
Adjustment for exceptional items, net of tax (note 5)	(8.9)	33.7
Earnings/(loss) as adjusted for exceptional items, net of tax	28.2	(70.8)
	<b>Cent</b>	<b>Cent</b>
<b>Basic earnings/(loss) per share restated*</b>		
Basic earnings/(loss) per share	9.9	(31.1)
Adjusted basic earnings/(loss) per share	7.5	(21.1)
<b>Diluted earnings/(loss) per share restated*</b>		
Diluted earnings/(loss) per share	9.9	(31.1)
Adjusted diluted earnings/(loss) per share	7.5	(21.1)

\* During the current financial year, the Group completed a Rights Issue at a discounted price of £1.86. As the rights price was issued at a discount, this was equivalent to a bonus issue of shares combined with a full market price. As such, IAS 33 *Earnings Per Share* requires an adjustment to the number of shares outstanding before the Rights Issue to reflect the bonus element inherent in it and also for this to be included in the EPS calculation for the prior period presented so as to provide a comparable result.

Basic earnings/(loss) per share is calculated by dividing the Group profit/(loss) for the financial year by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Group and accounted for as treasury shares (FY2022: 10.7m shares, FY2021: 10.8m shares).

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential 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 (note 4)), 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 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (FY2022: 499,828, FY2021: 1,930,864). 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.

## Notes forming part of the financial statements (continued)

### 10. BUSINESS COMBINATIONS/DIVESTMENTS AND NON-CONTROLLING INTERESTS

The Group completed the sale of its wholly owned US subsidiary, Vermont Hard Cider Company (VHCC) to Northeast Kingdom Drinks Group LLC on the 2 April 2021 for a total consideration of €17.5m (USD 20.5m) comprised of cash proceeds of €13.4m (€12.9m net cash impact on disposal) and promissory notes of €4.1m (USD 4.8m), realising a profit of €4.5m on disposal (note 5). The sale was completed on 2 April 2021. VHCC was previously classified as a disposal group held for sale as at 28 February 2021.

The net identifiable assets disposed were as follows:

	Asset value on disposal €m
<b>Non-current assets</b>	
Property, plant & equipment	5.8
Leased right-of-use assets	0.2
<b>Non-current assets</b>	<b>6.0</b>
<b>Current assets</b>	
Inventories	4.1
Trade & other receivables	4.2
<b>Current assets</b>	<b>8.3</b>
<b>Current liabilities</b>	
Lease liabilities	(0.2)
Trade & other payables	(2.0)
<b>Current liabilities</b>	<b>(2.2)</b>
<b>Total net identifiable assets disposed</b>	<b>12.1</b>
Total consideration	17.5
Net identifiable assets disposed	(12.1)
Working capital adjustment	(0.6)
Foreign currency recycled on disposal of subsidiary	0.2
Transaction costs incurred	(0.5)
<b>Profit on disposal</b>	<b>4.5</b>
<b>Satisfied by:</b>	
Cash consideration received	13.4
Non-cash consideration received	4.1*
<b>Total consideration</b>	<b>17.5</b>
<b>Analysis of cash flows on disposal:</b>	
Cash consideration received	13.4
Cash and cash equivalents outflow	(0.5)
<b>Net cash inflow</b>	<b>12.9</b>

The cumulative foreign exchange gain recognised in other comprehensive income in relation to VHCC was €0.2m. This was reclassified out of the Currency Translation Reserve via the Consolidated Statement of Comprehensive Income and recognised in the Consolidated Income Statement as part of the profit on disposal.

\*As at 28 February 2022, the non-cash consideration which relates to the promissory notes issued on the date of transaction at €4.1m (USD 4.8m) were revalued to €4.3m, with a translation adjustment of €0.2m recognised.

#### Year ended 28 February 2021

In the prior financial year, the Group disposed of €1.3m of net assets with respect to its non-core Tipperary Water Cooler business for an initial consideration of €7.4m, with further consideration potentially being dependent on further revenue targets being achieved. Transaction costs of €0.3m were also incurred (included in the cash flows from operating activities) resulting in a profit on disposal of €5.8m.

## 10. BUSINESS COMBINATIONS/DIVESTMENTS AND NON-CONTROLLING INTERESTS (continued)

### Acquisition of equity accounted investments

Details of the Group's equity accounted investments in the current and prior financial year are outlined in note 13.

## 11. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
<b>Group</b>				
<b>Cost or valuation</b>				
<b>At 29 February 2020</b>	98.5	195.3	67.2	361.0
Translation adjustment	(1.3)	(1.2)	(1.1)	(3.6)
Additions	0.4	10.4	1.7	12.5
Revaluation/(impairment) of property, plant & machinery	3.2	(3.5)	-	(0.3)
Assets held for sale	(5.1)	(2.6)	(0.3)	(8.0)
Disposal of subsidiary (note 10)	-	-	(5.7)	(5.7)
Group transfer reclassification	(7.1)	7.1	-	-
Disposals	-	-	(5.9)	(5.9)
<b>At 28 February 2021</b>	88.6	205.5	55.9	350.0
Translation adjustment	1.9	2.7	1.7	6.3
Additions	3.2	5.7	2.2	11.1
Revaluation of property, plant & machinery	3.1	-	-	3.1
Group transfer reclassification	(0.5)	0.5	-	-
Disposals	(1.4)	(0.3)	(0.3)	(2.0)
<b>At 28 February 2022</b>	94.9	214.1	59.5	368.5
<b>Depreciation</b>				
<b>At 29 February 2020</b>	16.8	143.2	54.3	214.3
Translation adjustment	(0.2)	(0.7)	(0.8)	(1.7)
Disposals	-	-	(5.3)	(5.3)
Assets held for sale	(0.4)	(1.8)	(0.2)	(2.4)
Disposal of subsidiary	-	-	(4.8)	(4.8)
Charge for the year	2.1	4.7	3.8	10.6
<b>At 28 February 2021</b>	18.3	145.4	47.0	210.7
Translation adjustment	0.4	1.5	1.5	3.4
Disposals	(0.8)	(0.2)	(0.3)	(1.3)
Charge for the year	2.3	4.2	3.2	9.7
<b>At 28 February 2022</b>	20.2	150.9	51.4	222.5
<b>Net book value</b>				
<b>At 28 February 2022</b>	74.7	63.2	8.1	146.0
At 28 February 2021	70.3	60.1	8.9	139.3

## Notes forming part of the financial statements (continued)

### 11. PROPERTY, PLANT & EQUIPMENT (continued)

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
<b>28 February 2022</b>				
<b>Leased right-of-use assets</b>				
At 28 February 2022, net carrying amount (note 19)	34.0	3.3	30.7	68.0
<b>Total property, plant &amp; equipment</b>	<b>108.7</b>	<b>66.5</b>	<b>38.8</b>	<b>214.0</b>
<b>28 February 2021</b>				
<b>Leased right-of-use assets</b>				
At 28 February 2021, net carrying amount (note 19)	30.3	0.9	33.5	64.7
<b>Total property, plant &amp; equipment</b>	<b>100.6</b>	<b>61.0</b>	<b>42.4</b>	<b>204.0</b>

Cash outflow with respect to property, plant & equipment was €14.9m (FY2021: €8.4m) primarily due to a decrease in closing capital accruals as at 28 February 2022. No depreciation is charged on freehold land which had a book value of €18.2m at 28 February 2022.

#### Valuation of freehold land & buildings and plant & machinery - 28 February 2022

In the current financial year, the Group engaged the Real Estate & Capital Equipment Valuation team of PricewaterhouseCoopers LLP to value the Group's freehold land & buildings and plant & machinery at the Group's manufacturing facilities in Clonmel (Tipperary), Wellpark (Glasgow) and the Group's facility in Castel Branco in Portugal. The valuers are members of the Royal Institution of Chartered Surveyors with experience of undertaking property, plant and equipment valuations on a global basis.

For specialised assets, comprising the production facilities at Clonmel, Wellpark Brewery and Portugal the Depreciated Replacement Cost approach has been applied to value land & buildings. The Depreciated Replacement Cost approach was also used to derive fair value for the plant & machinery at the Group's manufacturing facilities given their specialised nature.

The result of these external valuations, as at 28 February 2022, was an increase in the value of freehold land & buildings of €3.1m of which €0.6m was credited to the Income Statement and €2.5m was credited to Other Comprehensive Income.

For all other items of land & buildings and plant & machinery the Group completed an internal assessment of the appropriateness of their carrying value. Assisted by a market overview provided by the valuation team from PricewaterhouseCoopers LLP, with respect to the geographic locations of the Group's assets, the Group concluded that the carrying value was appropriate at 28 February 2022 and no adjustment was recorded in this regard.

#### Valuation of freehold land & buildings and plant & machinery - 28 February 2021

In the prior financial year, the Group also engaged the Real Estate & Capital Equipment Valuation team of PricewaterhouseCoopers LLP to value the Group's freehold land & buildings and plant & machinery at the Group's manufacturing facilities in Clonmel (Tipperary), Wellpark (Glasgow) and the Group's facility in Castel Branco in Portugal. The valuers are members of the Royal Institution of Chartered Surveyors with experience of undertaking property, plant and equipment valuations on a global basis.

For specialised assets, comprising the production facilities at Clonmel, Wellpark Brewery and Portugal the Depreciated Replacement Cost approach has been applied to value land & buildings. The Depreciated Replacement Cost approach was also used to derive fair value for the plant & machinery at the Group's manufacturing facilities given their specialised nature.

## 11. PROPERTY, PLANT & EQUIPMENT (continued)

The result of these external valuations, as at 28 February 2021, was an increase in the value of freehold land & buildings of €3.2m of which €2.3m was credited to the Income Statement and €0.9m was credited to the revaluation reserve via Other Comprehensive Income. The value of plant & machinery decreased by €3.5m which was expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

### Useful Lives

The following useful lives were attributed to the assets:

Asset category	Useful life
Tanks	30–35 years
Process equipment	20–25 years
Bottling & packaging equipment	15–20 years
Process automation	10 years
Buildings	50 years

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
<b>Net book value (pre right-of-use assets)</b>				
Carrying value at 28 February 2022 post revaluation	74.7	63.2	8.1	146.0
Carrying value at 28 February 2022 pre revaluation	71.6	63.2	8.1	142.9
Gain on revaluation	3.1	-	-	3.1

### 28 February 2022 classified within:

Income Statement	0.6
Other Comprehensive Income	2.5

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
<b>Net book value (pre right-of-use assets)</b>				
Carrying value at 28 February 2021 post revaluation	70.3	60.1	8.9	139.3
Carrying value at 28 February 2021 pre revaluation	67.1	63.6	8.9	139.6
Gain/(loss) on revaluation	3.2	(3.5)	-	(0.3)

### 28 February 2021 classified within:

Income Statement	(1.2)
Other Comprehensive Income	0.9

## Notes forming part of the financial statements (continued)

### 11. PROPERTY, PLANT & EQUIPMENT (continued)

#### Fair value hierarchy

The valuations of freehold land & buildings and plant & machinery, excluding right-of-use assets, are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's freehold land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS 13 *Fair Value Measurement*, and as illustrated below:

	Carrying amount €m	Quoted prices Level 1 €m	Significant observable Level 2 €m	Significant unobservable Level 3 €m
<b>Recurring measurements</b>				
Freehold land & buildings measured at market value	15.5	-	-	15.5
Freehold land & buildings measured at Depreciated Replacement Cost	59.2	-	-	59.2
Plant & machinery measured at Depreciated Replacement Cost	63.2	-	-	63.2
<b>At 28 February 2022</b>	<b>137.9</b>	<b>-</b>	<b>-</b>	<b>137.9</b>

	Carrying amount €m	Quoted prices Level 1 €m	Significant observable Level 2 €m	Significant unobservable Level 3 €m
<b>Recurring measurements</b>				
Freehold land & buildings measured at market value	14.7	-	-	14.7
Freehold land & buildings measured at Depreciated Replacement Cost	55.6	-	-	55.6
Plant & machinery measured at Depreciated Replacement Cost	60.1	-	-	60.1
<b>At 28 February 2021</b>	<b>130.4</b>	<b>-</b>	<b>-</b>	<b>130.4</b>

#### Measurement techniques

The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- The Group's depots are valued using a market value approach. The market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- The Group's specialised assets such as the production facilities at Clonmel, Wellpark and Portugal are valued using the Depreciated Replacement Cost approach. Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

## 11. PROPERTY, PLANT & EQUIPMENT (continued)

### Unobservable inputs

The significant unobservable inputs used in the market value measurement of land & buildings is as follows:

Valuation technique	Significant unobservable inputs	Range of unobservable inputs – Land ('000)	Range of unobservable inputs – Buildings	Relationship of unobservable inputs to fair value
Comparable market transactions	Price per square foot/acre			The higher the price per square foot/acre, the higher the fair value
	Republic of Ireland	€50–€150 (FY2021: no change from current year price) per hectare	€59–€1,169 (FY2021: €64- €1,119) per square metre	
	Portugal	€40 (FY2021: no change from current year price) per hectare	€100 - €585 (FY2021: €96- €571) per square metre	
	United Kingdom	£275- £325 (FY2021: £175- £225) per acre	£254 to £1,593 (FY2021: £251- £1,524) per square metre	

The significant unobservable inputs used in the Depreciated Replacement Cost measurement of freehold land & buildings and plant & machinery are as follows:

Gross replacement cost adjustment	Increase in gross replacement cost of 0% (FY2021: 0%), based on management's judgment supported by discussions with valuers
Economic obsolescence adjustment factor	Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (FY2021: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland – 21%; Brewery Scotland – 4% and Cidery, Portugal – 0%
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence ranging from 64% to 86% (FY2021: 63% to 85%)

The carrying value of depot freehold land & buildings would increase/(decrease) by €0.8m if the comparable open market value increased/(decreased) by 5%.

The carrying value of freehold land & buildings which is valued on the Depreciated Replacement Cost basis, would increase/(decrease) by €2.9m if the economic obsolescence adjustment factor was (decreased)/increased by 5%. The estimated carrying value of the same land & buildings would increase/(decrease) by €1.1m if the gross replacement cost was increased/(decreased) by 2%.

The carrying value of plant & machinery in the Group which is valued on the Depreciated Replacement Cost basis, would increase by €2.5m if the economic obsolescence adjustment factor was decreased by 5%. If the economic obsolescence adjustment increased by 5% the value would increase by €2.5m. If the gross replacement cost was increased by 2% the carrying value of the Group's plant & machinery would increase by €0.9m. If the gross replacement cost decreased by 2% the carrying value of the Group's plant & machinery would decrease by €0.9m.

### Company

The Company has no property, plant & equipment.

## Notes forming part of the financial statements (continued)

### 12. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
<b>Cost</b>				
At 29 February 2020	602.9	324.1	39.2	966.2
Additions	-	-	1.6	1.6
Translation adjustment	(3.1)	(2.2)	(0.3)	(5.6)
At 28 February 2021	599.8	321.9	40.5	962.2
Additions	-	-	2.2	2.2
Translation adjustment	6.5	4.5	0.5	11.5
<b>At 28 February 2022</b>	<b>606.3</b>	<b>326.4</b>	<b>43.2</b>	<b>975.9</b>
<b>Amortisation and impairment</b>				
At 29 February 2020	76.2	214.6	22.5	313.3
Impairment charge for the year	-	-	0.3	0.3
Amortisation charge for the year	-	-	2.6	2.6
At 28 February 2021	76.2	214.6	25.4	316.2
Impairment charge for the year	-	-	0.6	0.6
Amortisation charge for the year	-	-	2.6	2.6
<b>At 28 February 2022</b>	<b>76.2</b>	<b>214.6</b>	<b>28.6</b>	<b>319.4</b>
<b>Net book value</b>				
<b>At 28 February 2022</b>	<b>530.1</b>	<b>111.8</b>	<b>14.6</b>	<b>656.5</b>
At 28 February 2021	523.6	107.3	15.1	646.0

#### Goodwill

Goodwill has been attributed to cash generating units (as identified under IAS 36 *Impairment of Assets*) as follows:

	Ireland €m	Scotland €m	C&C Brands €m	North America €m	Export €m	MCB €m	Total €m
At 29 February 2020	154.5	59.8	180.9	9.2	16.0	106.3	526.7
Translation adjustment	-	(0.7)	(0.3)	-	-	(2.1)	(3.1)
At 28 February 2021	154.5	59.1	180.6	9.2	16.0	104.2	523.6
Translation adjustment	-	1.5	0.7	-	-	4.3	6.5
<b>At 28 February 2022</b>	<b>154.5</b>	<b>60.6</b>	<b>181.3</b>	<b>9.2</b>	<b>16.0</b>	<b>108.5</b>	<b>530.1</b>

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at cost and subsequently at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products.

## 12. GOODWILL & INTANGIBLE ASSETS (continued)

In line with IAS 36 *Impairment of Assets* goodwill is allocated to each cash generating unit (CGU) which is expected to benefit from the combination synergies. These CGU's represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

### Brands

Brands are expected to generate positive cash flows for as long as the Group owns the brands and have been assigned indefinite lives.

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during FY2010, Waverley wine brands acquired during FY2013 and the Matthew Clark and Bibendum brands acquired during FY2019.

The Tennent's, Gaymers, Waverley wine brands and Matthew Clark and Bibendum brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The Waverley wine brands were valued at cost.

The carrying value of the Tennent's beer brand as at 28 February 2022 amounted to €76.6m (FY2021: €73.5m) and has an indefinite life which is subject to annual impairment testing. The movement in the current financial year is due to translation adjustment.

The carrying amount of brands with indefinite lives are allocated to operating segments as follows:

	Ireland €m	Great Britain €m	Total €m
At 29 February 2020		109.5	109.5
Impairment charge for the year	-	-	-
Translation adjustment	-	(2.2)	(2.2)
At 28 February 2021	-	107.3	107.3
Translation adjustment	-	4.5	4.5
<b>At 28 February 2022</b>	-	<b>111.8</b>	<b>111.8</b>

The brands are protected by trademarks, which are renewable indefinitely in all major markets where they are sold and it is the Group's policy to support them with the appropriate level of brand advertising. In addition, there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. Accordingly, the Directors believe that it is appropriate that the brands be treated as having indefinite lives for accounting purposes.

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year end.

## Notes forming part of the financial statements (continued)

### 12. GOODWILL & INTANGIBLE ASSETS (continued)

#### Other intangible assets

Other intangible assets have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:

	Ireland €m	Great Britain €m	Total €m
<b>Cost</b>			
At 29 February 2020	6.8	32.4	39.2
Additions	0.2	1.4	1.6
Translation adjustment	-	(0.3)	(0.3)
At 28 February 2021	7.0	33.5	40.5
Additions	<b>0.1</b>	<b>2.1</b>	<b>2.2</b>
Translation adjustment	-	<b>0.5</b>	<b>0.5</b>
<b>At 28 February 2022</b>	<b>7.1</b>	<b>36.1</b>	<b>43.2</b>
<b>Amortisation and impairment</b>			
At 29 February 2020	2.8	19.7	22.5
Impairment charge for the year	-	0.3	0.3
Amortisation charge for the year	0.6	2.0	2.6
At 28 February 2021	3.4	22.0	25.4
Impairment charge for the year	-	<b>0.6</b>	<b>0.6</b>
Amortisation charge for the year	<b>0.6</b>	<b>2.0</b>	<b>2.6</b>
<b>At 28 February 2022</b>	<b>4.0</b>	<b>24.6</b>	<b>28.6</b>
<b>Net book value</b>			
<b>At 28 February 2022</b>	<b>3.1</b>	<b>11.5</b>	<b>14.6</b>
At 28 February 2021	3.6	11.5	15.1

In the current financial year, the Group wrote off IT intangible assets of €0.6m relating to cloud software licence agreements treated as service contracts. In the prior financial year, the Group wrote off an IT intangible asset where the project was not completed, as a direct consequence of COVID-19 of €0.3m.

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Matthew Clark and Bibendum in FY2019, trade relationships acquired as part of the acquisition of TCB Wholesale during FY2015, the Gleeson trade relationships acquired during FY2014 and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during FY2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight-line basis. Also included within other intangible assets are software and licences.

The amortisation charge for the year ended 28 February 2022 with respect to intangible assets was €2.6m (FY2021: €2.6m).

## 12. GOODWILL & INTANGIBLE ASSETS (continued)

### Impairment testing

To ensure that goodwill and brands that are considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment testing is performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable. Where the value-in-use exceeds the carrying value of the asset, the asset is not impaired.

As permitted by IAS 36 *Impairment of Assets*, the value of the Group's goodwill has been allocated to groups of cash generating units (CGU), which are not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*. These business segments represent the lowest levels within the Group at which the associated goodwill is monitored for management purposes.

The recoverable amount is calculated using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit and brand. Terminal values are calculated on the assumption that cash flows continue in perpetuity.

The key assumptions used in the value-in-use computations using level 3 inputs in accordance with fair value hierarchy are:

- Expected volume, net revenue and operating profit growth rates – cash flows for each CGU and brand are based on detailed financial projections for years one and two which were then projected out for years three, four and five.
- Long-term growth rate – cash flows after the first five years were extrapolated using a long-term growth rate, on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity.
- Discount rate.

The key assumptions were based on management's assessment of anticipated market conditions for each CGU. The Group's cash flow forecasts assume the continuation of trading with no lockdowns or the reintroduction of COVID-19 restrictions. Cost inflation pressures have grown over recent months and in response, the Group implemented a series of price increases which, alongside the previously announced €18.0m cost reduction programme and cost hedge positions taken, affords the Group a degree of protection from the inflationary environment as the Group enters into FY2023. The Group took into account historical experience and in particular the Group's experience over the last twelve month period. The Group also considers its core strengths and weaknesses in the markets in which it operates and external factors such as macro-economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, sales price trend, competitor activity, market share targets and strategic plans and initiatives.

A terminal growth rate of 1.75%-2.00% (FY2021: 1.75%-2.00%) in perpetuity was assumed based on an assessment of the likely long-term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 5.92%-6.68% (FY2021: 7.11%-8.41%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the two main geographies in which the Group operates (Ireland and Great Britain), arrived at using the Capital Asset Pricing Model as adjusted for asset and country specific factors.

## Notes forming part of the financial statements (continued)

### 12. GOODWILL & INTANGIBLE ASSETS (continued)

The Group has performed the detailed impairment testing calculations by cash generating units with the following discount rates being applied:

Market	Discount rate 2022	Discount rate 2021	Terminal growth rate 2022	Terminal growth rate 2021
Ireland	<b>6.68%</b>	8.41%	<b>2.00%</b>	2.00%
Scotland	<b>6.12%</b>	7.56%	<b>2.00%</b>	2.00%
C&C Brands	<b>6.12%</b>	7.56%	<b>2.00%</b>	2.00%
North America	<b>5.92%</b>	7.11%	<b>1.75%</b>	1.75%
Export	<b>6.12%</b>	7.56%	<b>2.00%</b>	2.00%
Matthew Clark Bibendum (MCB)	<b>6.12%</b>	7.56%	<b>2.00%</b>	2.00%

The impairment testing carried out at year end identified headroom in the recoverable amount of all the Group's goodwill and intangible assets (FY2021: €nil impairment charge).

#### Significant goodwill amounts

The goodwill allocated to Ireland, C&C Brands and MCB CGU's amount to 29% (FY2021: 30%), 34% (FY2021: 34%) and 20% (FY2021: 20%) of the total carrying amount of goodwill respectively.

	Ireland		C&C Brands		MCB	
	2022	2021	2022	2021	2022	2021
Goodwill allocated to the cash generating unit at balance sheet date	<b>154.5</b>	154.5	<b>181.3</b>	180.6	<b>108.5</b>	104.2
Discount rate applied to the cash flow projections (real pre-tax)	<b>6.68%</b>	8.41%	<b>6.12%</b>	7.56%	<b>6.12%</b>	7.56%

#### Sensitivity analysis

In the current financial year, the impairment testing carried out as at 28 February 2022 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values.

The key sensitivities for the impairment testing are net revenue and operating profit assumptions, discount rates applied to the resulting cash flows and the expected long-term growth rates.

## 12. GOODWILL & INTANGIBLE ASSETS (continued)

The value-in-use calculations indicate significant headroom in respect of all cash generating units. The cash generating unit with the least headroom, is the C&C Brands cash generating unit, although the headroom is in excess of €102m. The table below identifies the impact of a movement in the key inputs with respect to C&C Brands.

	2022		2021	
	Movement %	Increase/ (decrease) on headroom €m	Movement %	Increase/ (decrease) on headroom €m
Increase/(decrease) in operating profit	2.5/(2.5)	8.3/(8.3)	2.5/(2.5)	6.9/(6.9)
Increase in discount rate	0.25	(19.6)	0.25	(12.0)
Decrease in discount rate	(0.25)	22.1	(0.25)	13.1
Increase in terminal growth rate	0.25	18.9	0.25	10.6
Decrease in terminal growth rate	(0.25)	(16.8)	(0.25)	(9.7)

The Group concludes that no reasonable movement in any of the underlying assumptions would result in a material impairment in any of the Group's cash generating units or brands.

## 13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS

### (a) Equity accounted investments/financial assets – Group

	Joint ventures		Associates		Total €m
	Admiral Taverns €m	Drygate Brewing Company Limited €m	Whitewater Brewing Company Limited €m	Other €m	
<b>Investment in equity accounted investments/financial assets</b>					
Carrying amount at 1 March 2020	82.8	0.3	0.4	0.4	83.9
Purchase price paid	6.7	-	-	0.2	6.9
Share of loss after tax	(6.0)	(0.1)	-	-	(6.1)
Share of exceptional loss after tax	(8.8)	-	-	-	(8.8)
Impairment of equity investment	(8.9)	(0.2)	-	-	(9.1)
Equity accounted investment asset adjustment	(1.1)	-	-	-	(1.1)
Share of Other Comprehensive Income	(0.4)	-	-	-	(0.4)
Translation adjustment	(2.2)	-	-	-	(2.2)
Carrying amount at 28 February 2021	62.1	-	0.4	0.6	63.1
Purchase price paid	-	-	-	0.3	0.3
Share of profit after tax	2.6	-	-	-	2.6
Share of exceptional profit after tax (note 5)	2.7	-	-	-	2.7
Impairment of equity investment	(6.4)	-	-	-	(6.4)
Share of Other Comprehensive Income	2.2	-	-	-	2.2
Translation adjustment	2.7	-	-	-	2.7
Classified as asset held for sale (note 16)	(65.9)	-	-	-	(65.9)
<b>Carrying amount at 28 February 2022</b>	-	-	0.4	0.9	1.3

## Notes forming part of the financial statements (continued)

### 13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Admiral Taverns 2022*	Joint ventures 2022	Associates 2022	Admiral Taverns 2021*	Joint ventures 2021	Associates 2021
	€m	€m	€m	€m	€m	€m
Non-current assets	668.4	2.5	3.4	379.4	2.4	3.2
Current assets	74.9	0.9	1.5	36.1	0.8	1.4
Non-current liabilities	(466.3)	(1.7)	(2.2)	(239.0)	(1.7)	(2.1)
Current liabilities	(105.9)	(1.5)	(0.8)	(27.2)	(1.3)	(0.7)
<b>Net assets</b>	<b>171.1**</b>	<b>0.2</b>	<b>1.9</b>	149.3	0.2	1.8
Revenue	127.3	2.7	1.2	42.7	2.5	0.3
Profit/(loss) before tax	4.9	(0.2)	(0.1)	(37.9)	(0.2)	-
Other Comprehensive Income	4.4	-	-	(0.8)	-	-

\* Included in the current assets for Admiral Taverns is cash and cash equivalents of €32.0m (FY2021: €15.0m). Admiral Taverns also has depreciation and amortisation of €13.7m (FY2021: €10.0m), net interest costs of €29.0m (FY2021: €16.8m) and a tax credit of €5.9m (FY2021: €7.5m).

\*\* Net assets of €171.1m by the Group's share in equity at 24 February 2022 of 48.85% amounts to €83.6m however the percentage ownership of the Group has changed multiple times since the original investment and therefore the weighted share of net assets attributable to the Group at 24 February 2022 was €81.7m. The Group also booked an impairment charge of €8.9m in the prior financial year which translated at FY2022 rates is €9.4m and an impairment charge in the current financial year of €6.4m.

A listing of the Group's equity accounted investments is contained in note 29.

#### Admiral Taverns

On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited ("Admiral Taverns"), a UK incorporate entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns) on the 6 December 2017. The equity investment by the Group was £37.4m (€42.4m euro equivalent on date of investment) representing 46.65% of the issued share capital of Admiral Taverns. The Group has 50% representation on the board and no decision can be made without 100% agreement by all Directors. The Group determined that Admiral Taverns was to be accounted for as a joint venture.

In FY2020, Admiral management disposed of 2% of their shareholding which in turn increased C&C's shareholding from 46.65% to 47.7%. In the prior financial year, the Group made an equity investment in Admiral Taverns for €6.7m (£6.0m). Also, during the prior financial year, Admiral management disposed of 2.4% of their shareholding which in turn increased C&C's shareholding from 47.7% to 48.85%.

On 17 May 2022, the Group announced the sale of its joint venture investment in Admiral Taverns, to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). The sale of the shares will be completed and the consideration will be paid in three tranches during FY2023, subject only to FCA approval. Admiral Taverns was classified as an asset held for sale as at 24 February 2022. The Group continued to equity account for this investment up until this date.

### 13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

In the current financial year, the share of profit before exceptional items of Admiral Taverns attributable to the Group was €2.6m (FY2021: €6.0m loss). The Group also recognised a credit of €2.7m with respect to its share of Admiral Taverns' exceptional items (FY2021: €8.8m charge). This included a credit of €4.1m with respect to the Group's share of the revaluation gain arising from the fair value exercise to value Admiral's property assets (FY2021: €7.0m loss). The Group also recognised an exceptional charge of €1.4m (FY2021: €1.8m) in relation to its share of other exceptional items for the year, including the Group's share of acquisition costs of €1.4m incurred with respect to Admiral Taverns' acquisition of Hawthorn. The Group also recognised its share of other exceptional items for the year of €0.5m, primarily relating to restructuring costs. This was offset by a release from the expected loss provision with respect to the recoverability of Admiral Taverns' debtor book as a consequence of COVID-19 of €0.5m.

As a result of the same property valuation exercise, a gain of €2.2m with respect to the Group's share of the revaluation was recognised in Other Comprehensive Income (FY2021: €0.4m loss).

Also in the current financial year, the Group assessed the carrying value of its equity accounted investment as a result of its classification as an asset held for sale as at 24 February 2022 and recognised an impairment charge of €6.4m (FY2021: €8.9m). This impairment charge reverses previously accumulated gains and losses in relation to the application of equity accounting for the Admiral Taverns investment, to reflect the recoverable value of the Group's investment in line with the agreed consideration of £55.0m (€65.9m at date of classification as held for sale, €65.8m at year-end rate).

In the prior financial year, the Group also recognised its share of an adjustment to the net asset allocation between the joint venture partners and the minority shareholder of €1.1m resulting from the repurchase of shares from the minority shareholder.

#### Drygate Brewing Company Limited

In 2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery.

In the prior financial year, in light of the impact of COVID-19 on the hospitality and pub industry the Group assessed the carrying value of its investment in Drygate Brewing Company Limited at 28 February 2021 and recorded an impairment charge of €0.2m (£0.2m) within exceptional operating costs.

#### Whitewater Brewing Company Limited

On 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish craft brewer for £0.3m (€0.3m).

#### Other

During the current financial year, the Group made an additional investment into Jubel Ltd of €0.3m (£0.2m), the additional subscription of shares in Jubel maintained the Group's existing percentage shareholding of 8.4%.

During the prior financial year, the Group made a 1% investment in an English entity Bramerton Condiments Limited for €0.1m (£0.1m) and a 50% investment in 3 Counties Spirits Limited for €nil consideration. The Group also acquired an 8% shareholding in Innis & Gunn Holdings Limited at €nil cost. Share subscription costs of €0.1m (£0.1m) were incurred in this regard.

## Notes forming part of the financial statements (continued)

### 13. EQUITY ACCOUNTED INVESTMENTS/FINANCIAL ASSETS (continued)

The Group has a 33% investment in CVBA Braxatorium Parcensis of €0.2m. The Group also has an equity investment in Shanter Inns Limited, CVBA Braxatorium Parcensis, Beck & Scott (Services) Limited (Northern Ireland) and The Irish Brewing Company Limited (Ireland). The value of each of these investments is less than €0.1m in the current and prior financial year.

#### (b) Financial Assets – Company

	2022 €m	2021 €m
<b>Equity investment in subsidiary undertakings at cost</b>		
At beginning of year	985.4	984.6
Capital contribution in respect of share options granted to employees of subsidiary undertakings	1.5	0.8
Capital contribution in respect of the Rights Issue	171.3	-
<b>At end of year</b>	<b>1,158.2</b>	985.4

The total expense of €1.5m (FY2021: €0.8m) attributable to equity settled awards granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the Consolidated Balance Sheet. Details of subsidiary undertakings are set out in note 29.

### 14. INVENTORIES

	2022 €m	2021 €m
<b>Group</b>		
Raw materials & consumables	37.6	38.4
Finished goods & goods for resale	130.6	82.9
<b>Total inventories at lower of cost and net realisable value</b>	<b>168.2</b>	121.3

Inventory write-down recognised within operating costs before exceptional items amounted to €1.1m (FY2021: €0.9m). The inventory write-down in the current and prior financial year was with respect to breakages and write off of damaged and obsolete stock. The Group realised an exceptional credit of €4.1m with respect to inventory (FY2021: €5.8m charge), this related to recoveries on inventory that had been deemed at risk of obsolescence as a consequence of the COVID-19 restrictions.

## 15. TRADE & OTHER RECEIVABLES

	Group		Company	
	2022 €m	2021 €m	2022 €m	2021 €m
<b>Amounts falling due within one year:</b>				
Trade receivables	147.5	75.9	-	-
Amounts due from Group undertakings	-	-	114.7	118.6
Advances to customers	4.6	3.8	-	-
Prepayments and other receivables	34.2	23.1	-	-
	<b>186.3</b>	<b>102.8</b>	<b>114.7</b>	<b>118.6</b>
<b>Amounts falling due after one year:</b>				
Advances to customers	38.4	38.3	-	-
Prepayments and other receivables	4.6	3.5	-	-
	<b>43.0</b>	<b>41.8</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>229.3</b>	<b>144.6</b>	<b>114.7</b>	<b>118.6</b>

Amounts due from Group undertakings are a combination of interest bearing and interest free receivables and are all repayable on demand.

The Group manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. This arrangement contributed €84.1m to Group cash (FY2021: €45.0m) at 28 February 2022. The Group's debtors would therefore have been €84.1m higher (FY2021: €45.0m) had the programme not been in place. The Group's trade receivables programme is not recognised on the Consolidated Balance Sheet as it meets the de-recognition criteria under IFRS 9 *Financial Instruments*.

The aged analysis of trade receivables and advances to customers analysed between amounts that were not past due and amounts past due at 28 February 2022 and 28 February 2021 were as follows:

	Trade receivables		Advances to customers		Total		Total	
	Gross	Impairment	Gross	Impairment	Gross	Impairment	Gross	Impairment
	2022	2022	2022	2022	2022	2022	2021	2021
	€m	€m	€m	€m	€m	€m	€m	€m
<b>Group</b>								
Not past due	127.6	(2.0)	46.1	(5.2)	173.7	(7.2)	107.5	(10.8)
Past due:								
Past due 0-30 days	5.0	(0.3)	-	-	5.0	(0.3)	5.8	(1.0)
Past due 31-120 days	9.6	(0.3)	0.4	(0.1)	10.0	(0.4)	13.6	(3.7)
Past due 121-365 days	7.9	(0.3)	0.7	(0.3)	8.6	(0.6)	9.0	(4.9)
Past due more than one year	7.8	(7.5)	3.2	(1.8)	11.0	(9.3)	9.8	(7.3)
<b>Total</b>	<b>157.9</b>	<b>(10.4)</b>	<b>50.4</b>	<b>(7.4)</b>	<b>208.3</b>	<b>(17.8)</b>	<b>145.7</b>	<b>(27.7)</b>

Trade receivables, advances to customers and other receivables are recognised initially at fair value and subsequently measured at amortised cost less loss allowance or impairment losses.

Specifically, for advances to customers, any difference between the present value and the nominal amount at inception is treated as an advance of discount prepaid to the customer and is recognised in the Income Statement in accordance with the terms of the agreement. The discount rate calculated by the Group is at least based on the risk-free rate plus a margin, which takes into account the risk profile of the customer.

## Notes forming part of the financial statements (continued)

### 15. TRADE & OTHER RECEIVABLES (continued)

The Group applies the simplified approach permitted by IFRS 9 *Financial Instruments* to measure expected credit losses for trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables are assessed collectively in groups that share similar credit risk characteristics, such as customer segments and in particular the Group's view of how COVID-19 and related restrictions impacted particular customer segments over the last twelve month period and how they are expected to impact them going forward, historical information on payment patterns including the payment patterns over the last twelve month period, terms of payment and the impact of government schemes coming to an end as markets reopened. COVID-19 had and continues to have a material impact on the assessment of credit losses of the Group's receivables balances. The Group recorded an exceptional credit of €7.9m with respect to the Group's receivables balances in the current financial year (FY2021: €6.1m) in this regard (note 5).

Regarding advances to customers, the Group applies the general approach to measure expected credit losses which requires a loss provision to be recognised based on twelve month or lifetime expected credit losses, provided a significant increase in credit risk has occurred since initial recognition. The Group assesses the expected credit losses for advances to customers based on historical information on repayment patterns including the repayment patterns over the last twelve month period and the impact of government schemes coming to an end as markets reopened. The credit risk on advances to customers can be reduced through the value of security and/or collateral given. In the current and prior financial year, COVID-19 had a material impact on the assessment of credit losses with regard to advances to customers at year end and the Group recorded an exceptional credit of €5.5m (FY2021: charge of €1.2m) in this regard (note 5).

Trade receivables are on average receivable within 32 days (FY2021: 33 days) of the balance sheet date, are unsecured and are not interest-bearing. For more information on the Group's credit risk exposure refer to note 24.

The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:

	Trade receivables 2022 €m	Advance to customers 2022 €m	Total 2022 €m	Total 2021 €m
<b>Group</b>				
At beginning of year	16.4	11.3	27.7	40.0
Recovered during the year	(7.9)	(5.5)	(13.4)	(11.4)
Provided during the year	3.1	1.5	4.6	5.3
Derecognised on disposal	(0.5)	-	(0.5)	(0.2)
Written off during the year	(1.9)	-	(1.9)	(5.1)
Translation adjustment	1.2	0.1	1.3	(0.9)
<b>At end of year</b>	<b>10.4</b>	<b>7.4</b>	<b>17.8</b>	<b>27.7</b>

At 28 February 2022, regarding the impact of the expected credit loss model on trade receivables and advances to customers, the Group has provided for expected credit losses over the next twelve months of €5.7m (FY2021: €6.2m) and expected lifetime losses of €12.1m (FY2021: €21.5m).

## 16. ASSET HELD FOR SALE

On 17 May 2022, the Group announced the sale of its joint venture investment in Admiral Taverns, to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). The sale of the shares will be completed and the consideration will be paid in three tranches during FY2023, subject only to FCA approval. Admiral Taverns was classified as an asset held for sale as at 24 February 2022. The Group assessed the carrying value of its equity accounted investment as a result of its classification as an asset held for sale as at 24 February 2022 and recognised an impairment charge of €6.4m. This impairment charge reverses previously accumulated gains and losses in relation to the application of equity accounting for the Admiral Taverns investment, to reflect the recoverable value of the Group's investment in line with the agreed consideration of €65.8m (£55.0m).

The equity accounted investment in Admiral Taverns was previously presented within the Great Britain reportable segment in note 1 in accordance with IFRS 8 *Operating Segments*.

	2022 €m
<b>Asset held for sale</b>	
Equity accounted investment	65.9
Translation adjustment	(0.1)
<b>At 28 February 2022</b>	<b>65.8</b>

The cumulative foreign exchange gain recognised in other comprehensive income in relation to the asset held for sale as at 24 February 2022 was €2.7m.

In the prior financial year, the Group classified its wholly owned US subsidiary, Vermont Hard Cider Company ("VHCC") as a disposal group held for sale, as at 28 February 2021. On 2 April 2021, the Group completed the sale of VHCC for a total consideration of €17.5m (USD 20.5m) (see note 10).

## 17. TRADE & OTHER PAYABLES

	Group		Company	
	2022 €m	2021 €m	2022 €m	2021 €m
Trade payables	206.8	135.2	-	-
Payroll taxes & social security	6.5	4.1	-	-
VAT	32.3	41.4	-	-
Excise duty	46.2	40.0	-	-
Accruals	94.3	75.5	2.9	3.1
Amounts due to Group undertakings	-	-	49.7	33.9
<b>Total</b>	<b>386.1</b>	<b>296.2</b>	<b>52.6</b>	<b>37.0</b>

Amounts due to Group undertakings are a combination of interest bearing and interest free payables and are all payable on demand.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 24.

### Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2022, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such discloses them as a contingent liability as detailed in note 27.

## Notes forming part of the financial statements (continued)

### 18. PROVISIONS

	Restructuring 2022 €m	Dilapidation 2022 €m	Other 2022 €m	Total 2022 €m	Total 2021 €m
At 1 March	2.0	3.8	6.9	12.7	9.2
Translation adjustment	-	0.2	0.1	0.3	-
Charged during the year	0.6	1.6	0.9	3.1	13.8
Released during the year	-	(0.1)	(0.8)	(0.9)	(2.2)
Utilised during the year	(2.4)	(0.1)	(0.6)	(3.1)	(8.1)
<b>At end of year</b>	<b>0.2</b>	<b>5.4</b>	<b>6.5</b>	<b>12.1</b>	<b>12.7</b>

#### Classified within:

Current liabilities	8.2	6.2
Non-current liabilities	3.9	6.5
	<b>12.1</b>	<b>12.7</b>

#### Restructuring

Restructuring costs of €0.6m were incurred in the current financial year (FY2021: €8.1m). These related to severance costs of €0.6m (FY2021: €4.9m) which were incurred with respect to the restructuring of the Group as a consequence of the COVID-19 pandemic. In the prior year an additional €1.9m severance costs arose as a consequence of the optimisation of the delivery networks in England and Scotland. Also in the prior year, the Group incurred additional costs of €2.0m with respect to the optimisation of the delivery networks in England and Scotland which was offset by a credit of €0.7m relating to the profit on disposal of a property as a direct consequence of the optimisation project. €2.4m of these costs were paid during the year (FY2021: €6.2m) with €0.2m outstanding at year end (FY2021: €2.0m).

#### Dilapidation

The Group has a dilapidation provision of €5.4m at 28 February 2022 (FY2021: €3.8m). The Group's dilapidation provision at 28 February 2022 is with respect to dilapidation costs for leased depots of €5.1m (FY2021: €3.5m) and a €0.3m dilapidation provision for the leased fleet (FY2021: €0.3m).

#### Other

A significant proportion of the Other provision balance of €6.5m relates primarily to a provision with respect to lost kegs and a legal provision which was settled post year end. The remainder of this provision is in respect of costs associated with the cyber security incident within the Group's Matthew Clark and Bibendum operations.

Other provisions carried forward from FY2021 relate to provisions for various legal claims, a provision for an onerous trade contract and a provision for the Group's exposure to employee and third-party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the Balance Sheet date.

## 19. LEASES

The Group adopted IFRS 16 *Leases* from 1 March 2019 and has lease contracts for various items of freehold land & buildings, plant & machinery and motor vehicles & other equipment.

Set out below are the carrying amounts of right-of-use assets (included under property, plant & equipment note 11) recognised and the movements during the year:

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
<b>Leased right-of-use assets</b>				
At 1 March 2020, net carrying amount	35.2	1.3	40.2	76.7
Translation adjustment	(0.8)	-	(0.9)	(1.7)
Additions	2.7	-	9.2	11.9
Remeasurement	(1.0)	-	(2.9)	(3.9)
Disposals	-	-	(0.1)	(0.1)
Disposal of subsidiary	-	-	(0.4)	(0.4)
Asset held for sale	(0.2)	-	-	(0.2)
Depreciation charge for the year	(5.6)	(0.4)	(11.6)	(17.6)
At 28 February 2021	30.3	0.9	33.5	64.7
Translation adjustment	1.1	-	1.3	2.4
Additions	0.4	-	22.7	23.1
Reclassification	-	3.1	(3.1)	-
Remeasurement	7.2	(0.3)	(4.8)	2.1
Disposals	-	-	(4.8)	(4.8)
Depreciation charge for the year	(5.0)	(0.4)	(14.1)	(19.5)
<b>At 28 February 2022</b>	<b>34.0</b>	<b>3.3</b>	<b>30.7</b>	<b>68.0</b>
<b>Leased liabilities</b>				
At 1 March 2020, net carrying amount	(49.3)	(1.3)	(42.7)	(93.3)
Translation adjustment	1.0	-	1.0	2.0
Additions to lease liabilities	(2.7)	-	(9.2)	(11.9)
Remeasurement	1.0	-	2.9	3.9
Disposals	-	-	0.1	0.1
Disposal of subsidiary	-	-	0.4	0.4
Payments*	8.7	0.5	13.3	22.5
Asset held for sale	0.2	-	-	0.2
Discount unwinding	(1.9)	-	(1.6)	(3.5)
At 28 February 2021	(43.0)	(0.8)	(35.8)	(79.6)
Translation adjustment	(1.8)	(0.2)	(1.2)	(3.2)
Additions to lease liabilities	(0.4)	-	(22.7)	(23.1)
Reclassification	-	(3.1)	3.1	-
Remeasurement	(6.5)	0.4	5.2	(0.9)
Disposals	-	-	4.9	4.9
Payments*	8.5	0.5	16.2	25.2
Discount unwinding	(1.6)	-	(1.7)	(3.3)
<b>At 28 February 2022</b>	<b>(44.8)</b>	<b>(3.2)</b>	<b>(32.0)</b>	<b>(80.0)</b>

\* Payments are apportioned between finance charges €3.3m (FY2021: €3.5m) and payment of lease liabilities €21.9m (FY2021: €19.0m) in the Cash Flow Statement

## Notes forming part of the financial statements (continued)

### 19. LEASES (continued)

#### Lease liabilities classified within:

	Total 2022 €m	Total 2021 €m
Current liabilities	(20.2)	(18.9)
Non-current liabilities	(59.8)	(60.7)
	<b>(80.0)</b>	<b>(79.6)</b>

The table below shows a maturity analysis of the discounted and undiscounted lease liability arising from the Group's leasing activities. The projections are based on the foreign exchange rates at the end of the relevant financial year and on interest rates (discounted projections only) applicable to the lease portfolio.

	As at 28 February 2022		As at 28 February 2021	
	Discounted €m	Undiscounted €m	Discounted €m	Undiscounted €m
Within one year	(20.2)	(23.1)	(18.9)	(21.7)
Between one and two years	(14.7)	(16.9)	(17.4)	(19.5)
Between two and three years	(11.9)	(13.5)	(10.5)	(12.2)
Between three and four years	(10.4)	(11.6)	(8.1)	(9.4)
Between four and five years	(7.0)	(7.9)	(7.3)	(8.3)
After five years	(15.8)	(18.4)	(17.4)	(19.8)
<b>Total</b>	<b>(80.0)</b>	<b>(91.4)</b>	<b>(79.6)</b>	<b>(90.9)</b>

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. The following lease costs have been charged to the Income Statement as incurred:

	2022 €m	2021 €m
Expense relating to short-term leases (included in operating costs)	1.5	0.7
<b>Total</b>	<b>1.5</b>	<b>0.7</b>

### 20. INTEREST BEARING LOANS & BORROWINGS

	Group		Company	
	2022 €m	2021 €m	2022 €m	2021 €m
<b>Current liabilities</b>				
Unsecured loans repayable by one repayment on maturity	0.7	0.8	0.7	0.8
Unsecured loans repayable by instalment	(37.4)	(50.6)	0.1	(5.6)
Private Placement notes repayable by one repayment on maturity	0.1	0.1	0.1	0.1
	<b>(36.6)</b>	<b>(49.7)</b>	<b>0.9</b>	<b>(4.7)</b>
<b>Non-current liabilities</b>				
Unsecured loans repayable by one repayment on maturity	(75.0)	(241.3)	1.0	1.8
Unsecured loans repayable by instalment	-	(37.5)	-	-
Private Placement notes repayable by one repayment on maturity	(144.4)	(141.5)	(144.4)	(141.5)
	<b>(219.4)</b>	<b>(420.3)</b>	<b>(143.4)</b>	<b>(139.7)</b>
<b>Total borrowings</b>	<b>(256.0)</b>	<b>(470.0)</b>	<b>(142.5)</b>	<b>(144.4)</b>

## 20. INTEREST BEARING LOANS & BORROWINGS (continued)

### Group and Company

Outstanding borrowings of the Group and Company are net of unamortised issue costs. During the prior financial year, the Group completed the successful issue of new US Private Placement ("USPP") notes and incurred additional issue costs of €1.4m in this regard. All unamortised issue costs are being amortised to the Income Statement over the remaining life of the multi-currency revolving facilities agreement, the Euro term loan and the US Private Placement notes to which they relate. The value of unamortised issue costs at 28 February 2022 was €2.9m (FY2021: €3.9m) of which €0.9m (FY2021: €1.0m) is netted against current liabilities and €2.0m (FY2021: €2.9m) is netted against non-current liabilities.

### Terms and debt repayment schedule

	Currency	Nominal rates of interest at 28 February 2022	Year of maturity	2022 Carrying value €m	2021 Carrying value €m
<b>Group</b>					
Unsecured loans repayable by one repayment on maturity	Multi	Euribor/Sonia + 2.4%	2024	76.0	243.1
Unsecured loans repayable by instalment	Euro	Euribor + 2.85%	2022	37.5	82.5
Unsecured loans repayable by instalment	GBP	Sonia + 2.0%	2021	-	5.7
Private Placement notes repayable by one repayment on maturity	Euro/GBP	1.6%-2.74%	2030/2032	145.4	142.6
				<b>258.9</b>	<b>473.9</b>
<b>Company</b>					
Unsecured loans repayable by instalment	GBP	Sonia + 2.0%	2021	-	5.7
Private Placement notes repayable by one repayment on maturity	Euro/GBP	1.6%-2.74%	2030/2032	145.4	142.6
				<b>145.4</b>	<b>148.3</b>

### Borrowing facilities

#### Group

The Group manages its borrowing requirements by entering into committed loan facility agreements and in the prior financial year also completed the successful issue of new USPP notes which diversifies the Group's sources of debt finance.

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three-year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank and Ulster Bank. In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. In the prior financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

In March 2020, the Group completed the successful issue of new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment, as a consequence of COVID-19, which now becomes payable with the last instalment in July 2022.

Under the terms of the multi-currency facility and the Euro term loan, the Group must pay a commitment fee based on 35% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Sonia interest rates plus a margin, the level of which is dependent on the Net Debt: EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

## Notes forming part of the financial statements (continued)

### 20. INTEREST BEARING LOANS & BORROWINGS (continued)

Under the terms of the USPP, the Group pays a margin of 1.6% with respect to €19.0m USPP notes with a 10 year tenure; 1.73% with respect to €57.0m USPP notes with a 12 year tenure and 2.74% with respect to £58.0m notes with a 10 year tenure. A waiver fee is payable with respect to the covenant waivers secured during the current and previous financial year, including a reduced EBITDA fee payable while EBITDA is below €120.0m and a below investment grade fee payable when the Group's credit rating is below investment grade. The maximum payable under the three components is capped at 1.5%.

The Group had further financial indebtedness in the form of non-bank debt of €5.7m at 28 February 2021, which was fully repaid in the current financial year with the last instalment paid on 3 April 2021.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility.

All bank loans drawn are unsecured and rank pari passu. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The USPP allows the early prepayment of the notes at any time subject to the payment of a make whole amount to compensate the note holders for the interest that would have been received on the notes had they not been prepaid early.

All borrowings of the Group at 28 February 2022 are repayable in full on change of control of the Group.

#### **Company**

The Company is an original borrower under the terms of the Group's Euro term loan and multi-currency revolving credit facility but is not a borrower in relation to the Group's Euro term loan and multi-currency revolving credit facility drawn debt at 28 February 2022.

The Company is a borrower with respect to the Group's USPP notes of €145.4m (FY2021: €142.6m) as at 28 February 2022. Under the terms of the USPP, the Company pays a margin of 1.6% with respect to €19.0m notes with a 10 year tenure, 1.73% with respect to €57.0m notes with a 12 year tenure and 2.74% with respect to £58.0m notes with a 10 year tenure. A waiver fee is payable with respect to the covenant waivers secured during the current and previous financial year, including a reduced EBITDA fee payable while EBITDA is below €120.0m and a below investment grade fee is payable when the Group's credit rating is below investment grade. The maximum payable under the three components is capped at 1.5%.

The Company was also a borrower with respect to the Group's non-bank debt of €5.7m at 28 February 2021, which was fully repaid in the current financial year with the last instalment paid on 3 April 2021.

#### **Covenants**

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date. Conditional on a Minimum Equity Raise, the Group's banking covenants were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. The Minimum Equity Raise was defined as the receipt of at least £125.0m of gross cash proceeds from the issuance of new ordinary shares in the Company including in such proceeds the gross amount received by the Company upon issuance of any right to acquire any new ordinary shares in the Company. The Company successfully raised gross cash proceeds of £151m (€176m) in June 2021.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Following the successful Rights Issue, the minimum liquidity requirement and gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or earlier if compliance can be demonstrated, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in FY2021 was also applied which will continue through FY2022 but was reduced to €700.0m in June 2021 post the successful Rights Issue. The minimum liquidity requirement and a gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

## 20. INTEREST BEARING LOANS & BORROWINGS (continued)

The Group's Euro term loan and multi-currency debt facility incorporates the following financial covenants (before the current waivers were secured):

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

The Company and Group also had covenants with respect to its non-bank financial indebtedness (before the current waivers were secured).

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

There is no effect on the Group's covenants as a result of implementing IFRS 16 *Leases* as all covenants are calculated on a pre IFRS 16 *Leases* adoption basis.

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 24.

## 21. ANALYSIS OF NET DEBT

	1 March 2021 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash Flow, net €m	Non-cash changes €m	28 February 2022 €m
<b>Group</b>						
Interest bearing loans & borrowings	(470.0)	(7.2)	-	222.2	(1.0)	(256.0)*
Cash	107.7	2.5	-	(45.5)	-	64.7
Net debt excluding leases	(362.3)	(4.7)	-	176.7	(1.0)	(191.3)
Lease liabilities (note 19)	(79.6)	(3.2)	(19.1)	25.2	(3.3)	(80.0)
Net debt including leases	(441.9)	(7.9)	(19.1)	201.9	(4.3)	(271.3)

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

	1 March 2020 €m	Translation adjustment €m	Additions/ disposals/ remeasurement €m	Cash Flow, net €m	Non-cash changes €m	28 February 2021 €m
<b>Group</b>						
Interest bearing loans & borrowings	(357.0)	(6.3)	-	(105.5)	(1.2)	(470.0)*
Cash	123.4	1.7	-	(17.4)	-	107.7
Net debt excluding leases	(233.6)	(4.6)	-	(122.9)	(1.2)	(362.3)
Lease liabilities (note 19)	(93.3)	2.0	(7.3)	22.5	(3.5)	(79.6)
Net debt including leases	(326.9)	(2.6)	(7.3)	(100.4)	(4.7)	(441.9)

\* Interest bearing loans & borrowings at 28 February 2021 are net of unamortised issue costs of €3.9m.

	1 March 2021 €m	Translation adjustment €m	Cash Flow, net €m	Non-cash changes €m	28 February 2022 €m
<b>Company</b>					
Interest bearing loans & borrowings	(144.4)	(3.0)	5.9	(1.0)	(142.5)*
Cash	0.7	-	(0.6)	-	0.1
	(143.7)	(3.0)	5.3	(1.0)	(142.4)

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

## Notes forming part of the financial statements (continued)

### 21. ANALYSIS OF NET DEBT (continued)

	1 March 2020 €m	Translation adjustment €m	Cash Flow, net €m	Non-cash changes €m	28 February 2021 €m
Company					
Interest bearing loans & borrowings	(13.9)	(2.4)	(126.9)	(1.2)	(144.4)*
Cash	-	-	0.7	-	0.7
	(13.9)	(2.4)	(126.2)	(1.2)	(143.7)

\* Interest bearing loans & borrowings at 28 February 2021 are net of unamortised issue costs of €3.9m.

The non-cash change to the Company and Group's interest bearing loans and borrowings in the current financial year relates to the amortisation of issue costs of €1.0m (FY2021: €1.2m). The non-cash changes for the Group's lease liabilities in the current financial year relate to discount unwinding of €3.3m (FY2021: €3.5m).

As outlined in further detail in note 27, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all debt drawn by the Company and Group at 28 February 2022.

### 22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2022			2021		
	Assets €m	Liabilities €m	Net (liabilities)/assets €m	Assets €m	Liabilities €m	Net assets/ (liabilities) €m
<b>Group</b>						
Property, plant & equipment	2.6	(12.8)	(10.2)	2.1	(8.7)	(6.6)
Intangible assets	7.2	(9.4)	(2.2)	5.3	(6.1)	(0.8)
Retirement benefits	0.2	(6.3)	(6.1)	0.7	(2.5)	(1.8)
Trade related items & losses	17.0	(1.7)	15.3	16.5	-	16.5
	27.0	(30.2)	(3.2)	24.6	(17.3)	7.3

The Group has not recognised deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investments, in respect of which deferred tax liabilities have not been recognised, is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred tax liabilities.

€16.5m of deferred tax assets have been recognised at the end of FY2022 in respect of tax losses that require future taxable profits to arise in excess of profits arising from the reversal of existing temporary differences. Following a forecasting exercise, the Group is estimating sufficient future taxable profits to recognise these deferred tax assets.

No deferred tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future or due to the complexity and uncertainty of the tax treatment in connection with certain items giving rise to some of the losses. The cumulative value of such tax losses is €43.1m (FY2021: €49.6m). In the event that sufficient taxable profits arise or the tax treatment becomes sufficiently certain in the relevant jurisdictions in future years, these losses may be utilised. With the sale of Vermont Hard Cider Company, the losses in connection with this business expired in 2021/2022 and the majority of the remaining losses are due to expire in 2035/2038.

#### Company

The Company had no deferred tax assets or liabilities at 28 February 2022 or at 28 February 2021.

## 22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES (continued)

### Analysis of movement in net deferred tax (liabilities)/assets

	1 March 2021	Recognised in Income Statement	Recognised in Other Comprehensive Income	Translation adjustment	28 February 2022
	€m	€m	€m	€m	€m
<b>Group</b>					
Property, plant & equipment: ROI	0.4	(0.6)	-	-	(0.2)
Property, plant and equipment: other	(7.0)	(2.2)	(0.6)	(0.2)	(10.0)
Trade related items & losses	16.5	(1.5)	-	0.3	15.3
Intangible assets	(0.8)	(1.4)	-	-	(2.2)
Retirement benefits	(1.8)	-	(4.3)	-	(6.1)
	7.3	(5.7)	(4.9)	0.1	(3.2)

From 1 April 2023, the UK corporation tax is expected to increase from 19% to 25%. An assessment on the expected unwind of UK deferred tax assets and UK deferred liabilities has been calculated resulting in a €0.1m credit to the Income Statement and a charge to Statement of Other Comprehensive Income of €0.5m, which is included in Property, plant and equipment: other.

	1 March 2020	Recognised in Income Statement	Recognised in Other Comprehensive Income	Translation adjustment	28 February 2021
	€m	€m	€m	€m	€m
<b>Group</b>					
Property, plant & equipment: ROI	0.7	(0.3)	-	-	0.4
Property, plant and equipment: other	(6.1)	(0.5)	(0.2)	(0.2)	(7.0)
Trade related items & losses	0.9	14.8	-	0.8	16.5
Intangible assets	0.1	(0.9)	-	-	(0.8)
Retirement benefits	(0.2)	-	(1.6)	-	(1.8)
	(4.6)	13.1	(1.8)	0.6	7.3

## 23. RETIREMENT BENEFITS

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

The defined benefit pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

There are no active members remaining in the executive defined benefit pension scheme (FY2021: no active members). There are 51 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (FY2021: 52 active members) and 2 active members in the NI defined benefit pension scheme (FY2021: 2 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

## Notes forming part of the financial statements (continued)

### 23. RETIREMENT BENEFITS (continued)

#### Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recently completed 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. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the Group's staff defined benefit pension scheme, the Group has 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 Group has an unconditional right to any surplus remaining in these schemes in the event the scheme concludes.

The Group is exposed to a number of risks in relation to the funding position of these schemes, namely:

**Asset volatility:** It is the Group's intention to pursue a long-term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments, the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

**Discount rate:** The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post-employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities.

**Longevity:** The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of the schemes' liabilities.

#### Method and assumptions

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of inflation/salary increase. These and other assumptions used to determine the retirement benefits and current service cost under IAS19(R) *Employee Benefits* are set out below.

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (the S3PMA CMI 2019 1.5% (males) and S3PFA CMI 2019 1.5% (females) for the ROI schemes and S3PMA CMI 2020 1.5%(males) and S3PFA CMI 2020 1.5% (females) for the NI scheme) with age ratings and loading factors to allow for future mortality improvements. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:

## 23. RETIREMENT BENEFITS (continued)

		ROI		NI	
		2022 No. of years	2021 No. of years	2022 No. of years	2021 No. of years
<b>Future life expectations at age 65</b>					
Current retirees – no allowance for future improvements	Male	<b>22.5-23.3</b>	22.6-23.5	<b>22.4</b>	22.6
	Female	<b>24.2-25.1</b>	24.5-25.4	<b>24.2</b>	24.5
Future retirees – with allowance for future improvements	Male	<b>23.2-24.1</b>	23.5-24.3	<b>24.0</b>	24.4
	Female	<b>25.2-26.0</b>	25.5-26.3	<b>26.0</b>	26.3

### Scheme liabilities

The average age of active members is 51 and 50 years (FY2021: 50 and 51 years) for the ROI Staff and the NI defined benefit pension schemes respectively (the executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 13 to 22 years (FY2021: 14 to 23 years).

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2022 and 28 February 2021 are as follows:

	2022		2021	
	ROI	NI	ROI	NI
Salary increases	<b>0.0%-2.6%</b>	<b>4.0%</b>	0.0%-2.3%	3.6%
Increases to pensions in payment	<b>2.0%</b>	<b>2.0%</b>	1.6%-1.7%	1.9%
Discount rate	<b>1.8%-2.0%</b>	<b>2.6%</b>	1.3%-1.5%	2.2%
Inflation rate	<b>1.6%-1.7%</b>	<b>3.6%</b>	1.6%-1.7%	3.2%

A reduction in discount rate used to value the schemes' liabilities by 0.25% would increase the valuation of liabilities by €6.9m (FY2021: €9.7m) while an increase in inflation/salary increase expectations of 0.25% would increase the valuation of liabilities by €7.4m (FY2021: €9.5m). The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

The pension assets and liabilities have been prepared in accordance with IAS19(R) *Employee Benefits*.

### (a) Impact on Income Statement

	2022			2021		
	ROI €m	NI €m	Total €m	ROI €m	NI €m	Total €m
<b>Analysis of defined benefit pension expense:</b>						
Current service cost	<b>(0.7)</b>	-	<b>(0.7)</b>	(0.8)	-	(0.8)
Interest cost on scheme liabilities	<b>(2.6)</b>	<b>(0.2)</b>	<b>(2.8)</b>	(1.9)	(0.2)	(2.1)
Interest income on scheme assets	<b>2.6</b>	<b>0.2</b>	<b>2.8</b>	1.8	0.2	2.0
Total (expense)/income recognised in Income Statement	<b>(0.7)</b>	-	<b>(0.7)</b>	(0.9)	-	(0.9)

## Notes forming part of the financial statements (continued)

### 23. RETIREMENT BENEFITS (continued)

#### Analysis of amount recognised in Other Comprehensive Income:

	ROI €m	2022 NI €m	Total €m	ROI €m	2021 NI €m	Total €m
Actual return on scheme assets	13.4	0.7	14.1	6.1	-	6.1
Expected interest income on scheme assets	(2.6)	(0.2)	(2.8)	(1.8)	(0.2)	(2.0)
Experience gains and losses on scheme liabilities	12.2	-	12.2	2.7	-	2.7
Effect on changes in financial assumptions	5.9	0.3	6.2	6.5	0.1	6.6
Effect of changes in demographic assumptions	2.9	0.2	3.1	-	-	-
<b>Total income/(expense)</b>	<b>31.8</b>	<b>1.0</b>	<b>32.8</b>	13.5	(0.1)	13.4
Scheme assets	195.1	14.4	209.5	187.1	13.7	200.8
Scheme liabilities	(164.0)	(7.9)	(171.9)	(187.5)	(8.4)	(195.9)
<b>Deficit in scheme</b>	-	-	-	(5.5)	-	(5.5)
<b>Surplus in scheme</b>	<b>31.1</b>	<b>6.5</b>	<b>37.6</b>	5.1	5.3	10.4

#### (b) Impact on Balance Sheet

The retirement benefits deficit at 28 February 2022 and 28 February 2021 is analysed as follows:

Analysis of net pension deficit:

	ROI €m	2022 NI €m	Total €m	ROI €m	2021 NI €m	Total €m
<b>Investments quoted in active markets</b>						
<b>Bid value of assets at end of year:</b>						
Equity*	35.7	2.9	38.6	40.0	2.9	42.9
Bonds	120.9	11.4	132.3	107.9	10.8	118.7
Alternatives	23.1	-	23.1	26.5	-	26.5
<b>Cash</b>	<b>2.4</b>	<b>0.1</b>	<b>2.5</b>	0.2	-	0.2
<b>Investments unquoted</b>						
Property	13.0	-	13.0	12.5	-	12.5
	195.1	14.4	209.5	187.1	13.7	200.8
Actuarial value of scheme liabilities	(164.0)	(7.9)	(171.9)	(187.5)	(8.4)	(195.9)
Deficit in the scheme	-	-	-	(5.5)	-	(5.5)
Surplus in the scheme	31.1	6.5	37.6	5.1	5.3	10.4
Surplus/(deficit) in the scheme	31.1	6.5	37.6	(0.4)	5.3	4.9
Related deferred tax asset (note 22)	-	-	-	0.7	-	0.7
Related deferred tax liability (note 22)	(4.0)	(2.1)	(6.1)	(0.7)	(1.8)	(2.5)
<b>Net pension surplus/(deficit)</b>	<b>27.1</b>	<b>4.4</b>	<b>31.5</b>	(0.4)	3.5	3.1

\*The defined benefit pension schemes have a passive self-investment in C&C Group plc of €nil (FY2021: €nil).

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and funds. The investments are managed by fund managers.

## 23. RETIREMENT BENEFITS (continued)

### Reconciliation of scheme assets

	ROI €m	2022 NI €m	Total €m	ROI €m	2021 NI €m	Total €m
Assets at beginning of year	187.1	13.7	200.8	186.8	14.1	200.9
<b>Movement in year:</b>						
Translation adjustment	-	0.6	0.6	-	(0.3)	(0.3)
Expected interest income on scheme assets	2.6	0.2	2.8	1.8	0.2	2.0
Actual return less interest income on scheme assets	10.8	0.5	11.3	4.3	(0.2)	4.1
Employer contributions	0.4	-	0.4	0.4	-	0.4
Member contributions	0.2	-	0.2	0.1	-	0.1
Benefit payments	(6.0)	(0.6)	(6.6)	(6.3)	(0.1)	(6.4)
<b>Assets at end of year</b>	<b>195.1</b>	<b>14.4</b>	<b>209.5</b>	<b>187.1</b>	<b>13.7</b>	<b>200.8</b>

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2022 is €0.4m.

The scheme assets had the following investment profile at the year-end:

	ROI	2022 NI	ROI	2021 NI
<b>Investments quoted in active markets</b>				
Equities	18%	20%	21%	21%
Bonds	62%	80%	58%	79%
Alternatives	12%	-	14%	-
<b>Cash</b>	1%	-	-	-
<b>Investments unquoted</b>				
Property	7%	-	7%	-
	100%	100%	100%	100%

### Reconciliation of actuarial value of scheme liabilities

	ROI €m	2022 NI €m	Total €m	ROI €m	2021 NI €m	Total €m
Liabilities at beginning of year	187.5	8.4	195.9	200.2	8.6	208.8
<b>Movement in year:</b>						
Translation adjustment	-	0.4	0.4	-	(0.2)	(0.2)
Current service cost	0.7	-	0.7	0.8	-	0.8
Interest cost on scheme liabilities	2.6	0.2	2.8	1.9	0.2	2.1
Member contributions	0.2	-	0.2	0.1	-	0.1
Actuarial (gain)/loss immediately recognised in equity	(21.0)	(0.5)	(21.5)	(9.2)	(0.1)	(9.3)
Benefit payments	(6.0)	(0.6)	(6.6)	(6.3)	(0.1)	(6.4)
<b>Liabilities at end of year</b>	<b>164.0</b>	<b>7.9</b>	<b>171.9</b>	<b>187.5</b>	<b>8.4</b>	<b>195.9</b>

## Notes forming part of the financial statements (continued)

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, commodity price risk, currency risk and interest rate risk. This note discusses the Group's exposure to each of these financial risks and summarises the risk management strategy for managing these risks. The note is presented as follows:

- (a) Overview of the Group's risk exposures and management strategy
- (b) Financial assets and liabilities as at 28 February 2022/28 February 2021 and determination of fair value
- (c) Market risk
- (d) Credit risk
- (e) Liquidity risk

#### (a) Overview of the Group's risk exposures and management strategy

The main financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. The Board continues to monitor and manage this and all other financial risks faced by the Group closely.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers them to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non-speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit-worthy parties. Treasury activities are performed within strict terms of reference that have been approved by the Board. See currency risk section for further details.

#### (b) Financial assets and liabilities

The carrying and fair values of financial assets and liabilities by measurement category were as follows:

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
<b>Group</b>				
<b>28 February 2022</b>				
<b>Financial assets:</b>				
Cash	64.7	-	64.7	64.7
Trade receivables	147.5	-	147.5	147.5
Advances to customers	43.0	-	43.0	43.0
<b>Financial liabilities:</b>				
Interest bearing loans & borrowings	-	(256.0)	(256.0)	(258.9)
Derivative contracts	-	(0.1)	(0.1)	(0.1)
Trade & other payables	-	(386.1)	(386.1)	(386.1)
Provisions	-	(12.1)	(12.1)	(12.1)
	<b>255.2</b>	<b>(654.3)</b>	<b>(399.1)</b>	<b>(402.0)</b>

## 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2021				
Financial assets:				
Cash	107.7	-	107.7	107.7
Trade receivables	75.9	-	75.9	75.9
Advances to customers	42.1	-	42.1	42.1
Financial liabilities:				
Interest bearing loans & borrowings	-	(470.0)	(470.0)	(473.9)
Trade & other payables	-	(296.2)	(296.2)	(296.2)
Provisions	-	(12.7)	(12.7)	(12.7)
	225.7	(778.9)	(553.2)	(557.1)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2022				
Financial assets:				
Cash	0.1	-	0.1	0.1
Amounts due from Group undertakings	114.7	-	114.7	114.7
Financial liabilities:				
Interest bearing loans & borrowings	-	(142.5)	(142.5)	(145.4)
Amounts due to Group undertakings	-	(49.7)	(49.7)	(49.7)
Accruals	-	(2.9)	(2.9)	(2.9)
	114.8	(195.1)	(80.3)	(83.2)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2021				
Financial assets:				
Cash	0.7	-	0.7	0.7
Amounts due from Group undertakings	118.6	-	118.6	118.6
Financial liabilities:				
Interest bearing loans & borrowings	-	(144.4)	(144.4)	(148.3)
Amounts due to Group undertakings	-	(33.9)	(33.9)	(33.9)
Accruals	-	(3.1)	(3.1)	(3.1)
	119.3	(181.4)	(62.1)	(66.0)

## Notes forming part of the financial statements (continued)

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### 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 & other receivables/payables after provision for impairment is deemed to reflect fair value at the balance sheet date with the exception of provisions which are discounted to fair value.

#### Interest bearing loans & borrowings

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

#### (c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

#### Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as apples, glass, barley, aluminium, polymer, wheat and sugar/glucose. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

#### Currency risk

The Company's functional and reporting currency is Euro. The Euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. The Group is exposed to currency risk in relation to sales and purchase transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the Euro value of the Group's net investment in foreign currency (primarily Sterling) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally. The Group seeks to minimise its foreign currency transaction exposure, when possible, by offsetting the foreign currency input costs against the same foreign currency receipts, creating a natural hedge. When the remaining net currency exposure is material, the Group enters into foreign currency forward contracts to mitigate and protect against adverse movements in currency risk and remove uncertainty over the foreign currency equivalent cash flows. At 28 February 2022 the Group had €22.2m of forward foreign currency cash flow hedges outstanding (FY2021: €nil).

In addition, the Group has a number of long-term intra-group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations. The Group does not hedge the translation exposure arising on the translation of the profits of foreign currency subsidiaries.

The net currency gains and losses on transactional currency exposures are recognised in the Income Statement and the changes arising from fluctuations in the Euro value of the Group's net investment in foreign operations are reported separately within Other Comprehensive Income.

## 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	2022 €m	2021 €m
<b>Derivatives</b>		
Cash flow hedges – currency forwards	(0.1)	-
<b>Total</b>	<b>(0.1)</b>	<b>-</b>

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as “held for trading” for accounting purposes and are accounted for at fair value through the Income Statement. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

	2022 €m	2021 €m
<b>Hedging reserves</b>		
Opening balance 1 March	-	0.3
Change in fair value of hedging recognised in Other Comprehensive Income for the year	(0.1)	0.3
Reclass to retained earnings	-	(0.6)
<b>Closing balance 28 February – continuing hedges</b>	<b>(0.1)</b>	<b>-</b>

Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item, such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness might arise if the timing of the forecast transaction changes from what was originally estimated, or if a degree of forecast purchases are no longer highly probable to occur. The hedging ratio is 1:1 as the quantity of purchases designated matches the notional amount of the hedging instrument.

No ineffectiveness was recognised in the Income Statement in the current or prior financial year.

The currency profile of the Group and Company’s financial instruments subject to transactional exposure as at 28 February 2022 is as follows:

	Euro €m	Sterling €m	USD €m	CAD/AUD €m	NZD €m	SGD €m	Not at risk €m	Total €m
<b>Group</b>								
Cash	5.7	2.3	3.3	0.3	0.1	0.1	52.9	64.7
Trade receivables	3.5	0.1	1.4	0.4	0.2	-	141.9	147.5
Advances to customers	-	-	-	-	-	-	43.0	43.0
Interest bearings loans & borrowings	-	-	-	-	-	-	(256.0)	(256.0)
Lease liabilities	-	-	-	-	-	-	(80.0)	(80.0)
Trade & other payables	(13.7)	(14.5)	(3.1)	(0.3)	(1.1)	-	(353.4)	(386.1)
Provisions	-	-	-	-	-	-	(12.1)	(12.1)
<b>Gross currency exposure</b>	<b>(4.5)</b>	<b>(12.1)</b>	<b>1.6</b>	<b>0.4</b>	<b>(0.8)</b>	<b>0.1</b>	<b>(463.7)</b>	<b>(479.0)</b>

## Notes forming part of the financial statements (continued)

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Sterling €m	Not at risk €m	Total €m
<b>Company</b>			
Cash	-	0.1	0.1
Interest bearing loans & borrowings	-	(142.5)	(142.5)
Net amounts due to Group undertakings	20.0	45.0	65.0
Accruals	(1.2)	(1.7)	(2.9)
<b>Total</b>	<b>18.8</b>	<b>(99.1)</b>	<b>(80.3)</b>

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2021 is as follows:

	Euro €m	Sterling €m	USD €m	CAD/AUD €m	NZD €m	SGD €m	ZAR €m	Not at risk €m	Total €m
<b>Group</b>									
Cash	6.2	4.3	2.3	1.8	0.1	0.3	0.8	91.9	107.7
Trade receivables	2.5	3.9	1.3	0.4	-	-	-	67.8	75.9
Advances to customers	-	-	-	-	-	-	-	42.1	42.1
Interest bearing loans & borrowings	-	-	-	-	-	-	-	(470.0)	(470.0)
Lease liabilities	-	-	-	-	-	-	-	(79.6)	(79.6)
Trade & other payables	(12.6)	(39.7)	(2.4)	(0.6)	(0.9)	-	-	(240.0)	(296.2)
Provisions	-	-	-	-	-	-	-	(12.7)	(12.7)
<b>Gross currency exposure</b>	<b>(3.9)</b>	<b>(31.5)</b>	<b>1.2</b>	<b>1.6</b>	<b>(0.8)</b>	<b>0.3</b>	<b>0.8</b>	<b>(600.5)</b>	<b>(632.8)</b>

	USD €m	Sterling €m	Not at risk €m	Total €m
<b>Company</b>				
Cash	-	-	0.7	0.7
Interest bearing loans & borrowings	-	(5.7)	(138.7)	(144.4)
Net amounts due to Group undertakings	(0.4)	(30.1)	115.2	84.7
Accruals	-	(1.6)	(1.5)	(3.1)
<b>Total</b>	<b>(0.4)</b>	<b>(37.4)</b>	<b>(24.3)</b>	<b>(62.1)</b>

A 10% strengthening in the Euro against all currencies noted above, based on outstanding financial assets and liabilities at 28 February 2022, would have a €1.4m positive impact (FY2021: €2.9m) on the Income Statement. A 10% weakening in the Euro against all currencies noted above would have a €1.7m negative effect (FY2021: €3.6m) on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

## 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

### Interest rate risk

The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:

	Group		Company	
	2022 €m	2021 €m	2022 €m	2021 €m
<b>Variable/fixed rate instruments</b>				
Interest bearing loans & borrowings	<b>(258.9)</b>	(473.9)	<b>(145.4)</b>	(148.3)
Cash	<b>64.7</b>	107.7	<b>0.1</b>	0.7
	<b>(194.2)</b>	(366.2)	<b>(145.3)</b>	(147.6)

The Group exposure to interest rate risk arises principally from its long-term debt obligations. A 0.25% increase/decrease in Euribor and Sonia rates would result in a €0.1m (FY2021: €1.9m) impact on the Income Statement, over the duration of the tenure, with respect to the interest charge on interest bearing loans & borrowings.

The USPP notes were issued in March 2020 with a fixed interest rate for Euro and GBP notes (except in relation to the Covid margin), the notes have maturity dates ranging from 2030 to 2032.

### (d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, its cash advances to customers, cash including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base; there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS 8 *Operating Segments*.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables and advances to customers based on experience, customer track records and historic default rates and forward looking information, such as concentration maturity and the macroeconomic circumstances within the Group's primary trading markets. The impact of COVID-19 resulted in the Group booking exceptional provisions in the prior financial year (note 5).

Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable/advance to customer. The Group also manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. As at 28 February 2022, the Group's year end cash had benefited by €84.1m (FY2021: €45.0m) with respect to this purchase arrangement. The Group's trade receivables purchase arrangement is not recognised on the Balance Sheet as it meets the de-recognition criteria under IFRS 9 *Financial Instruments*.

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. During the financial year, the Group did not exercise their right to take possession of any material collateral that would require disclosure. At 28 February 2022, the Group held collateral of €1.3m (FY2021: €2.7m) on financial assets that are credit impaired and recognised no expected credit loss on financial assets of €6.3m (FY2021: €9.8m) due to collateral.

## Notes forming part of the financial statements (continued)

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customer's advances that represents its estimate of potential future losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash in the Balance Sheet. Risk of counterparty default arising on short-term cash deposits is controlled within a framework of dealing primarily with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not expect any counterparty to fail to meet its obligations.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 27.

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2022 €m	2021 €m	2022 €m	2021 €m
Trade receivables	147.5	75.9	-	-
Advances to customers	43.0	42.1	-	-
Amounts due from Group undertakings	-	-	114.7	118.6
Cash	64.7	107.7	0.1	0.7
	<b>255.2</b>	<b>225.7</b>	<b>114.8</b>	<b>119.3</b>

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group's impairment provisions against these receivables are disclosed in note 15. The Group does not have any significant concentrations of risk.

#### (e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due.

The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this, the Group (a) maintains adequate cash balances; (b) prepares detailed 2 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

Cash and liquidity have been a key focus for the Group throughout FY2022. On 26 May 2021, the Group announced a Rights Issue, the Group successfully completed the Rights Issue in June 2021 raising gross cash proceeds of £151m (€176m). As a result of this, the Group reduced leverage, improving the Group's overall liquidity position and providing the Group with the capital structure to both support the business during further potential disruptions from COVID-19 and to deliver on its strategy.

In March 2020, the Group completed the successful issue of the new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however, as a consequence of COVID-19, a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2022.

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank, and Ulster Bank.

## 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. During the prior financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility. At 28 February 2022 the Group had €113.5m drawn down from the term loan and multi-currency revolving facilities (FY2021: €325.6m), €145.4m drawn down from Private Placement notes (FY2021: €142.6m) and €nil from its non-bank financial indebtedness (FY2021: €5.7m).

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date. Conditional on a Minimum Equity Raise, the Group's banking covenants were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. The Minimum Equity Raise was defined as the receipt of at least £125.0m of gross cash proceeds from the issuance of new ordinary shares in the Company including in such proceeds the gross amount received by the Company upon issuance of any right to acquire any new ordinary shares in the Company. The Company successfully raised gross cash proceeds of £151m (€176m) in June 2021.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Following the successful Rights Issue, the minimum liquidity requirement and gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or earlier if compliance can be demonstrated, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in FY2021 was also applied which will continue through FY2022 but was reduced to €700.0m in June 2021 post the successful Rights Issue. The minimum liquidity requirement and gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

The Company and Group had further financial indebtedness in the form of non-bank debt of €5.7m at 28 February 2021, which was fully repaid in the current financial year with the last instalment paid on 3 April 2021.

All bank loans drawn are unsecured and rank *pari passu*. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The euro term loan and multi-currency facilities agreement allows the early repayment of debt without incurring additional charges or penalties. The USPP allows the early prepayment of the notes at any time subject to the payment of a make whole amount to compensate the note holders for the interest that would have been received on the notes had they not been prepaid early.

All borrowings of the Company and Group at 28 February 2022 are repayable in full on change of control of the Group.

The Company and the Group complied with all covenants at each reporting date in the current and prior financial year. There is no effect on the Group's covenants as a result of implementing IFRS 16 *Leases* in FY2020 as all covenants are calculated on a pre IFRS 16 *Leases* adoption basis.

## Notes forming part of the financial statements (continued)

### 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

During the current financial year, the Group also implemented various working capital initiatives, including availing of Government furlough schemes across the UK and Ireland up to and including May 2021, the Group discontinued the use of furlough in June 2021 when the business returned to profit. The Group repaid €47.7m (£40.7m) of tax deferrals to the UK tax authorities and €16.6m of tax deferrals to the Irish tax authorities in FY2022, with €10.7m (£8.9m) to the UK tax authorities and €18.1m to the Irish tax authorities remaining to be repaid in FY2023. The Group successfully completed an operating cost reduction plan which delivered €18.0m in annualised savings against its pre COVID-19 cost base.

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount	Contractual cash flows	6 months or less	6–12 months	1–2 years	Greater than 2 years
	€m	€m	€m	€m	€m	€m
<b>Group</b>						
<b>2022</b>						
Interest bearing loans & borrowings	(256.0)	(294.6)	(40.6)	(2.7)	(5.3)	(246.0)
Trade & other payables	(386.1)	(386.1)	(386.1)	-	-	-
Lease liabilities	(80.0)	(86.3)	(10.8)	(10.9)	(16.3)	(48.3)
Provisions	(12.1)	(12.1)	(2.0)	(5.1)	(1.1)	(3.9)
<b>Total contracted outflows</b>	<b>(734.2)</b>	<b>(779.1)</b>	<b>(439.5)</b>	<b>(18.7)</b>	<b>(22.7)</b>	<b>(298.2)</b>
<b>Group</b>						
<b>2021</b>						
Interest bearing loans & borrowings	(470.0)	(531.6)	(35.3)	(29.3)	(49.9)	(417.1)
Trade & other payables	(296.2)	(296.2)	(296.2)	-	-	-
Lease liabilities	(79.6)	(90.9)	(10.9)	(10.8)	(19.5)	(49.7)
Provisions	(12.7)	(12.7)	(3.6)	(2.6)	(3.3)	(3.2)
<b>Total contracted outflows</b>	<b>(858.5)</b>	<b>(931.4)</b>	<b>(346.0)</b>	<b>(42.7)</b>	<b>(72.7)</b>	<b>(470.0)</b>
<b>Company</b>						
<b>2022</b>						
Interest bearing loans & borrowings	(142.5)	(173.5)	(1.6)	(1.6)	(3.2)	(167.1)
Amounts due to Group undertakings	(49.7)	(49.7)	(49.7)	-	-	-
Accruals	(2.9)	(2.9)	(2.9)	-	-	-
<b>Total contracted outflows</b>	<b>(195.1)</b>	<b>(226.1)</b>	<b>(54.2)</b>	<b>(1.6)</b>	<b>(3.2)</b>	<b>(167.1)</b>
<b>2021</b>						
Interest bearing loans & borrowings	(144.4)	(178.6)	(7.3)	(1.6)	(3.1)	(166.6)
Amounts due to Group undertakings	(33.9)	(33.9)	(33.9)	-	-	-
Accruals	(3.1)	(3.1)	(3.1)	-	-	-
<b>Total contracted outflows</b>	<b>(181.4)</b>	<b>(215.6)</b>	<b>(44.3)</b>	<b>(1.6)</b>	<b>(3.1)</b>	<b>(166.6)</b>

## 25. SHARE CAPITAL AND RESERVES

	Authorised Number	Allotted and called up Number	Authorised €m	Allotted and called up €m
<b>At 28 February 2022</b>				
Ordinary shares of €0.01 each	800,000,000	401,913,690*	8.0	4.0
At 28 February 2021				
Ordinary shares of €0.01 each	800,000,000	320,480,164**	8.0	3.2
At 29 February 2020				
Ordinary shares of €0.01 each	800,000,000	319,495,110**	8.0	3.2

\* Inclusive of 10.7m (3%) treasury shares.

\*\* Inclusive of 10.8m (3%) treasury shares.

All shares in issue carry equal voting and dividend rights.

### Reserves Group

	Allotted and called up Ordinary Shares	
	2022 '000	2021 '000
As at 1 March	320,480	319,495
Shares issued in respect of options exercised	147	985
Shares issued in Rights Issue	81,287	-
As at 28 February	401,914*	320,480*

\* Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury Shares and Ordinary Shares held by the Trustee of the Employee Trust as outlined below.

	Ordinary Shares held by the Trustee of the Employee Trust		Other Treasury Shares		Total Treasury Shares	
	2022 '000	2021 '000	2022 '000	2021 '000	2022 '000	2021 '000
As at 1 March	1,766	1,785	9,025	9,025	10,791	10,810
Shares disposed of or transferred to Participants	(121)	(19)	-	-	(121)	(19)
As at 28 February	1,645	1,766	9,025	9,025	10,670	10,791

### Movements in the year ended 28 February 2022

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2022 continue to be included in the treasury share reserve. During the financial year, 121,382 shares were sold by the Trustees and are no longer accounted for as treasury shares.

### Movements in the year ended 28 February 2021

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2021 continued to be included in the treasury share reserve. During the prior financial year, 18,532 shares were sold by the Trustees and are no longer accounted for as treasury shares.

## Notes forming part of the financial statements (continued)

### 25. SHARE CAPITAL AND RESERVES (continued)

#### Share premium – Group

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a reverse acquisition reserve debit of €703.9m, which, for presentational purposes in the Group financial statements, has been netted against the share premium in the Balance Sheet.

The current financial year movement primarily relates to the completion of the Rights Issue. This led to an increase in the Group's share premium of €175.5m. Also during the current year there was the exercise of share options equating to €0.4m (FY2021: €0.3m).

#### Share premium – Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €1,048.2m as at 28 February 2022 (FY2021: €872.3m).

The current year movement primarily relates to the completion of the Rights Issue. This led to an increase in the Company's share premium of €175.5m. Also during the current year there was the exercise of share options equating to €0.4m (FY2021: €0.3m).

#### Other undenominated reserve and capital reserve

These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure.

#### Cash flow hedge reserve

The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

#### Share-based payment reserve

The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-Based Payment*, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and interests, as set out in note 4.

#### Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long-term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi equity in nature and are therefore part of the Group's net investment in foreign operations.

#### Revaluation reserve

Since 2009 the Group has completed a number of external and internal valuations on its property, plant and equipment. Gains arising from such revaluations are posted to the Group's revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the write down. Any decreases in the value of the Group's property, plant and equipment as a result of external or internal valuations are recognised in the Income Statement except where there had been a previously recognised gain in the revaluation reserve as a result of the same asset, in which case, the gain is eliminated from the revaluation reserve to offset the loss in the first instance.

During the current financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites. Using the valuation methodologies, this resulted in a net revaluation gain of €0.6m accounted for in the Income Statement and a gain of €2.5m accounted for within the revaluation reserve via Other Comprehensive Income.

## 25. SHARE CAPITAL AND RESERVES (continued)

During the prior financial year, as outlined in detail in note 11, the Group engaged external valuers to value the freehold land & buildings and plant & machinery at the Group's Clonmel (Tipperary), Wellpark (Glasgow) and Portugal sites. Using the valuation methodologies, this resulted in a net revaluation loss of €1.2m accounted for in the Income Statement and a gain of €0.9m accounted for within the revaluation reserve via Other Comprehensive Income.

### Treasury shares

Included in this reserve is where the Company issued equity share capital under its Joint Share Ownership Plan, which was held in trust by the Group's Employee Trust. All interests have now vested or lapsed and all vested interests have now been exercised. Remaining in the Trust are shares that lapsed and shares that were withheld by the Trust in lieu of some, or all, of the consideration due with respect to exercised Interests. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The current and prior year movement in the reserve relates to the sale of excess shares by the Trust to satisfy other share entitlements.

### Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability: to continue as a going concern for the benefit of shareholders and stakeholders; to maintain investor, creditor and market confidence; and, to sustain the future development of the business through the optimisation of the value of its debt and equity shareholding balance.

The Board considers capital to comprise of long-term debt and equity. The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buyback shares.

On 26 May 2021, the Group announced a Rights Issue, the Group successfully completed the Rights Issue in June 2021 raising gross cash proceeds of £151m (€176m). As a result of this, the Group reduced leverage, improving the Group's overall liquidity position and providing the Group with the capital structure to both support the business during further potential disruptions from COVID-19 and to deliver on its strategy.

In March 2020, the Group completed the successful issue of the new USPP notes. The unsecured notes, denominated in both Euro and Sterling, have maturities of 10 and 12 years and diversify the Group's sources of debt finance. The Group's Euro term loan included a mandatory prepayment clause from the issuance of any Debt Capital Market instruments however, as a consequence of COVID-19, a waiver of the prepayment was successfully negotiated in addition to a waiver of a July 2020 repayment which now becomes payable with the last instalment in July 2022.

In July 2018, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility and executed a three year Euro term loan. Both the multi-currency facility and the Euro term loan were negotiated with eight banks, namely ABN Amro Bank, Allied Irish Bank, Bank of Ireland, Bank of Scotland, Barclays Bank, HSBC, Rabobank, and Ulster Bank.

In FY2020 the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. During the prior financial year, the Group renegotiated an extension of the repayment schedule of the Euro term loan with its lenders and the last instalment is now payable on 12 July 2022.

The Euro term loan and multi-currency revolving facilities agreement provides for a further €100m in the form of an uncommitted accordion facility. At 28 February 2022 the Group had €113.5m drawn down from the term loan and multi-currency revolving facilities (FY2021: €325.6m), €145.4m drawn down from Private Placement notes (FY2021: €142.6m) and €nil from its non-bank financial indebtedness (FY2021: €5.7m).

## Notes forming part of the financial statements (continued)

### 25. SHARE CAPITAL AND RESERVES (continued)

As outlined previously, as a direct consequence of the impact of COVID-19, the Group successfully negotiated waivers on its debt covenants from its lending group for FY2021, and these have been extended up to, but not including, the August 2022 test date. Conditional on a Minimum Equity Raise, the Group's banking covenants were also renegotiated to increase the threshold of the Group's Net Debt/Adjusted EBITDA covenant to not exceed 4.5x and to reduce the Interest cover covenant to be not less than 2.5x. The Minimum Equity Raise was defined as the receipt of at least £125.0m of gross cash proceeds from the issuance of new ordinary shares in the Company including in such proceeds the gross amount received by the Company upon issuance of any right to acquire any new ordinary shares in the Company. The Company successfully raised gross cash proceeds of £151m (€176m) in June 2021.

As part of the agreement reached to waive the debt covenants, a minimum liquidity requirement and a gross debt restriction have been put in place. Following the successful Rights Issue, the minimum liquidity requirement and a gross debt restriction will remain in place until the Group is able to show compliance with its original debt covenant levels at the 28 February 2023 or earlier if compliance can be demonstrated, and, with respect to the minimum liquidity requirement, the Group must maintain liquidity of at least €150.0m each month. A monthly gross debt cap of €750.0m in FY2021 was also applied which will continue through FY2022 but was reduced to €700.0m in June 2021 post the successful Rights Issue. The minimum liquidity requirement and the gross debt restriction can be lifted earlier in certain circumstances.

The Group complied with these new minimum liquidity and gross debt requirements during the financial year.

In respect of the financial year ended 28 February 2022, due to the ongoing impact of COVID-19, no final dividend is being declared and no interim dividend was paid (FY2021: €nil). Total dividend for the year is €nil (FY2021: €nil).

In the financial year ended 28 February 2015, a subsidiary of the Group invested €30.0m as part of an on-market share buyback programme, purchasing 9,025,000 of the Company's shares at an average price of €3.29. All shares acquired as part of this share buyback programme are held as Treasury shares.

### 26. COMMITMENTS

#### (a) Capital commitments

At the year end, the following capital commitments authorised by the Board had not been provided for in the consolidated financial statements:

	2022 €m	2021 €m
Contracted	2.8	5.7
Not contracted	14.2	5.0
	<b>17.0</b>	10.7

The contracted capital commitments at 28 February 2022 are with respect of contracts that support the Group in achieving its environmental targets and optimising its operational footprint.

## 26. COMMITMENTS (continued)

### (b) Other commitments

At the year end, the value of contracts placed for future expenditure was:

	2022						Total* €m
	Apples** €m	Glass €m	Marketing €m	Barley*** €m	Sugar/ glucose €m	Aluminium €m	
Payable in less than one year	4.4	2.2	3.1	8.4	-	2.8	20.9
Payable between 1 and 5 years	8.9	-	5.9	0.6	-	-	15.4
Payable greater than 5 years	6.0	-	-	-	-	-	6.0
	<b>19.3</b>	<b>2.2</b>	<b>9.0</b>	<b>9.0</b>	<b>-</b>	<b>2.8</b>	<b>42.3</b>

\* Commitment obligations range from between 1 year to 24 years.

\*\* In the current financial year, the Group exited some commitments regarding Apples and the value of some of the continuing Apple commitments were also revised downwards in line with the latest estimate of their cost of completion.

\*\*\* In the current financial year, the commitments with respect to Barley were revised downwards due to the change in the open market price and consequently the option for the Group to resell its commitment to the market.

	2021						Total* €m
	Apples €m	Glass €m	Marketing €m	Barley €m	Sugar/ glucose €m	Aluminium €m	
Payable in less than one year	6.3	1.7	3.0	7.1	6.3	-	24.4
Payable between 1 and 5 years	12.1	-	7.5	14.3	-	-	33.9
Payable greater than 5 years	17.9	-	-	-	-	-	17.9
	<b>36.3</b>	<b>1.7</b>	<b>10.5</b>	<b>21.4</b>	<b>6.3</b>	<b>-</b>	<b>76.2</b>

\* Commitment obligations range from between 1 year to 24 years.

Where the Group has hedged an Input cost, but a market exists for the Group to resell that input cost in the open market, then the Group does not classify that as a commitment.

## 27. GUARANTEES AND CONTINGENCIES

Where the Group or subsidiaries enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Group/subsidiaries consider these to be insurance arrangements and account for them as such. The Group/subsidiary treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As outlined in note 20, the Group has a euro term loan, US Private Placement notes and a multi-currency revolving facility in place at year end. The Company has US Private Placement notes in place at year end. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of all borrowings as at 28 February 2022. The actual loans outstanding for the Group at 28 February 2022 amounted to €258.9m (FY2021: €473.9m).

During the financial year ended 28 February 2015, a subsidiary of the Group entered into guarantees in favour of HSBC Bank plc, HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited whereby it guaranteed drawn debt plus interest charges by Drygate Brewing Company Limited to HSBC Bank plc of up to £540,000 and to HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited of up to £225,000 in aggregate. The guarantees reduce on a pound for pound basis to the extent of capital repayments in respect of the drawn debt and any amounts realised by the bank pursuant to any security provided in respect of the debt. The Guarantee with respect to HSBC Bank plc expires on the earlier of eleven years and three months from the date on which the guarantee became effective, the secured liabilities are repaid, or by mutual agreement with HSBC Bank plc. The Guarantees with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited expire after the secured liabilities are repaid, or by mutual agreement with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited respectively.

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has guaranteed commitments entered into and liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2022 and as a result such subsidiaries are exempt from certain filing provisions.

## Notes forming part of the financial statements (continued)

### 28. RELATED PARTY TRANSACTIONS

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group 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.

#### (a) Group 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 consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 29. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

#### *Equity accounted investments*

See note 13 for details on equity accounted investments.

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 (note 15).

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

	Joint ventures		Associates	
	2022 €m	2021 €m	2022 €m	2021 €m
Net revenue	1.3	0.9	0.5	0.1
Trade & other receivables	0.5	0.2	-	-
Purchases	0.9	0.3	0.5	0.2
Trade & other payables	0.1	-	-	-
Loans	1.5	1.5	0.9	1.0

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.

#### **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 (note 4) 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.

## 28. RELATED PARTY TRANSACTIONS (continued)

Details of key management remuneration, charged to the Income Statement, are as follows:

	2022 Number	2021 Number
Number of individuals	10	10
	€m	€m
Salaries and other short-term employee benefits	2.3	1.9
Post-employment benefits	0.1	0.2
Equity settled share-based payment charge/(credit) and related dividend accrual	1.7	(0.7)
Pay in lieu of notice	-	0.6
<b>Total</b>	<b>4.1</b>	<b>2.0</b>

During the current and prior financial year, there were no transactions or balances between the Group and its key management personnel or members of their close family apart from:

- The Group sells stock to Tesco plc, of which Stewart Gilliland is a Non-Executive Director;
- The Group purchases from and sells stock to St Austell Brewery Company Limited, of which Jill Caseberry is a Non-Executive Director; and
- Also in the current financial year, the Group sold and purchased stock from Britvic plc, of which Emer Finnan is a Non-Executive Director.

All transactions with related parties involve the normal supply of goods or services and are priced on an arm's length basis.

For the purposes of the Section 305 of the Companies Act 2014, the aggregate gains by Directors on the exercise of share options during FY2022 was €nil (FY2021: €0.6m).

### (b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:

	2022 €m	2021 €m
Dividend income	-	76.6
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	(2.8)	(2.1)
Equity settled share-based payments for employees of subsidiary undertakings	1.5	0.8
(Injection)/drawdown of cash funding and other movements with subsidiary undertakings	(16.9)	49.3

## Notes forming part of the financial statements (continued)

### 29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS

	Notes	Nature of business	Class of shares held as at 28 February 2022 (100% unless stated)
<b>Trading subsidiaries</b>			
<b>Incorporated and registered in Republic of Ireland</b>			
Bulmers Limited	(a) (n)	Cider	Ordinary
C&C Financing DAC	(b) (n) (o)	Financing company	Ordinary
C&C Group International Holdings Limited	(a) (n) (o)	Holding company	Ordinary & Convertible
C&C Group Irish Holdings Limited	(a) (n)	Holding company	Ordinary
C&C Group Sterling Holdings Limited	(b) (n)	Holding company	Ordinary
C&C (Holdings) Limited	(a) (n)	Holding company	Ordinary
C&C Management Services Limited	(a) (n)	Provision of management services	6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock
C&C Finco Limited	(b) (n) (o)	Financing company	Ordinary
Cantrell & Cochrane Limited	(a) (n)	Holding company	Ordinary
Latin American Holdings Limited	(b) (n)	Holding company	Ordinary
M&J Gleeson & Co Unlimited Company	(b) (n)	Wholesale of drinks	Ordinary
Tennent's Beer Limited	(a) (n)	Beer	Ordinary
The Annerville Financing Company Unlimited Company	(a) (n)	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	(b) (n)	Beer	Ordinary
Wm. Magner Limited	(a) (n)	Cider	Ordinary
Wm. Magner (Trading) Limited	(a) (n)	Financing company	Ordinary
Bibendum Wine Ireland Limited	(b) (n)	Wine	Ordinary
<b>Incorporated and registered in Northern Ireland</b>			
C&C Holdings (NI) Limited	(c)	Holding company	Ordinary
Gleeson N.I. Limited	(c)	Wholesale of drinks	Ordinary
Tennent's NI Limited	(c)	Cider and beer	Ordinary & 3.25% Cumulative Preference
<b>Incorporated and registered in England and Wales</b>			
Bibendum Group Limited	(l)	Holding company	Ordinary
Bibendum PLB (Topco) Limited	(k)	Holding company	Ordinary
C&C Management Services (UK) Limited	(k)	Provision of management services	Ordinary
Magners GB Limited	(k)	Cider and beer	Ordinary

**29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)**

	Notes	Nature of business	Class of shares held as at 28 February 2022 (100% unless stated)
Matthew Clark Bibendum (Holdings) Limited	(k)	Holding company	Ordinary
Matthew Clark Bibendum Limited	(k)	Wholesale of drinks	Ordinary
Bibendum Off Trade Limited	(l)	Wholesale of drinks	Ordinary
The Orchard Pig Limited	(i)	Cider	Ordinary
Walker & Wodehouse Wines Limited	(l) (p)	Wine	Ordinary
C&C IP UK Limited	(k)	Licensing activity	Ordinary
The Wondering Wine Company Limited	(k) (p)	Wine	Ordinary

**Incorporated and registered in Scotland**

Badaboom Limited	(d)	Marketing	Ordinary
Macrocom (1018) Limited	(e)	Investment	Ordinary
Tennent Caledonian Breweries UK Limited	(d)	Beer and cider	Ordinary
Tennent Caledonian Breweries Wholesale Limited	(e)	Wholesale of drinks	Ordinary
Wallaces Express Limited	(e)	Holding company	Ordinary
Wellpark Financing Limited	(d)	Financing company	Ordinary

**Incorporated and registered in Luxembourg**

C&C IP Sàrl	(f)	Licensing activity	Class A to J Units
C&C IP (No. 2) Sàrl	(f)	Licensing activity	Class A to J Units
C&C Luxembourg Sàrl	(f)	Holding and financing company	Class A to J Units

**Incorporated and registered Portugal**

Frutíssima - Concentrados de Frutos da Cova da Beira, Lda	(g)	Ingredients	Ordinary
Frontierlicious Limitada	(g)	Orchard management	Ordinary
Incredible Prosperity Limitada	(g)	Orchard management	Ordinary

**Incorporated and registered in Delaware, US**

Vermont Hard Cider Company Holdings, Inc.	(h)	Holding company	Common Stock
Wm. Magner, Inc.	(h)	Cider	Common Stock

**Incorporated and registered in Singapore**

C&C International (Asia) Pte. Ltd.	(j)	Sales & Marketing	Ordinary
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## Notes forming part of the financial statements (continued)

### 29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2022 (100% unless stated)
<b>Non-trading subsidiaries</b>			
<b>Incorporated and registered in Republic of Ireland</b>			
C&C Brands Limited	(a) (n)	Non-trading	Ordinary
C&C Gleeson Group Pension Trust Limited	(b) (n)	Non-trading	Ordinary
C&C Group Pension Trust Limited	(a) (n)	Non-trading	Ordinary
C&C Group Pension Trust (No. 2) Limited	(a) (n)	Non-trading	Ordinary
C&C Profit Sharing Trustee Limited	(a) (n)	Non-trading	Ordinary
Ciscan Net Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Cooney & Co. Unlimited Company	(b) (n) (q)	Non-trading	Ordinary
Cravenby Limited	(a) (n)	Non-trading	Ordinary
Crystal Springs Water Company Limited	(b) (n)	Non-trading	Ordinary
Dowd's Lane Brewing Company Limited	(a) (n)	Non-trading	Ordinary
Edward and John Burke (1968) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Findlater (Wine Merchants) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Fruit of the Vine Limited	(a) (n)	Non-trading	Ordinary
Gleeson Logistic Services Limited	(b) (n) (q)	Non-trading	Ordinary
Gleeson Wines & Spirits Limited	(b) (n)	Non-trading	Ordinary
Greensleeves Confectionery Limited	(b) (n)	Non-trading	Ordinary, 12% Cumulative Convertible Redeemable Preference & 3% Cumulative Redeemable Convertible Preference
M. & J. Gleeson (Investments) Limited	(b) (n)	Non-trading	Ordinary
M&J Gleeson Nominees Limited	(b) (n)	Non-trading	Ordinary & Preference
M. and J. Gleeson (Manufacturing) Company u.c.	(b) (n)	Non-trading	Ordinary
M and J Gleeson (Manufacturing) Company Holdings Limited	(b) (n)	Non-trading	Ordinary & Non-Voting Ordinary
M and J Gleeson and Company Holdings Limited	(b) (n)	Non-trading	Ordinary
M & J Gleeson Property Development Limited	(b) (n) (q)	Non-trading	Ordinary
Magners Irish Cider Limited	(a) (n)	Non-trading	Ordinary
Sceptis Limited	(a) (n)	Non-trading	Ordinary
Showerings (Ireland) Limited	(a) (n)	Non-trading	Ordinary
Tennmel Limited	(b) (n) (q)	Non-trading	Ordinary & A-E Non-Voting
Thwaites Limited	(a) (n)	Non-trading	A & B Ordinary
Tipperary Natural Mineral Water Company Holdings Limited	(b) (n)	Non-trading	Ordinary

## 29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

	Notes	Nature of business	Class of shares held as at 28 February 2022 (100% unless stated)
Tipperary Natural Mineral Water (Sales) Holdings Limited	(b) (n)	Non-trading	Ordinary
Tipperary Pure Irish Water Unlimited Company	(a) (n)	Non-trading	Ordinary
Vandamin Limited	(a) (n)	Non-trading	A & B Ordinary

### Incorporated and registered in Northern Ireland

C&C Profit Sharing Trustee (NI) Limited	(c)	Non-trading	Ordinary
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### Incorporated and registered in England and Wales

A2 Contractors Limited	(k)	Non-trading	Ordinary
Bibendum Limited	(k)	Non-trading	Ordinary
Bibendum Wine Limited	(l) (p)	Non-trading	Ordinary
Catalyst-PLB Brands Limited	(k)	Non-trading	Ordinary
Chalk Farm Wines Limited	(k)	Non-trading	Ordinary
Elastic Productions Limited	(k)	Non-trading	Ordinary
Gaymer Cider Company Limited	(k)	Non-trading	Ordinary
Instil Drinks Limited	(k)	Non-trading	Ordinary
Matthew Clark and Sons Limited	(k)	Non-trading	Ordinary
Matthew Clark Limited	(k)	Non-trading	Ordinary
Matthew Clark (Scotland) Limited	(d)	Non-trading	Ordinary
Matthew Clark Wholesale Bond Limited	(k)	Non-trading	Ordinary
Mixbury Drinks Limited	(k)	Non-trading	Ordinary
Odyssey Intelligence Limited	(k)	Non-trading	Ordinary
PLB Wines Limited	(k)	Non-trading	Ordinary
The Real Rose Company Limited	(k)	Non-trading	Ordinary
The Wine Studio Limited	(k)	Non-trading	Ordinary
The Yorkshire Fine Wines Company Limited	(k)	Non-trading	Ordinary
West Country Beverages Limited	(m)	Non-trading	Ordinary

Notes (a) – (q)

The address of the registered office of each of the above companies and notes is as follows:

- (a) Annerville, Clonmel, Co. Tipperary, E91 NY79, Ireland.
- (b) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
- (c) 6 Aghnatrik Road, Culcavy, Hillsborough, Co Down, Northern Ireland, BT26 6JJ.
- (d) Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD, Scotland.
- (e) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.
- (f) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
- (g) Quinta Da Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
- (h) 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, US.
- (i) West Bradley Orchards, West Bradley, Glastonbury, Somerset, BA6 8LT.
- (j) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.
- (k) Whitchurch Lane, Bristol, BS14 0JZ.
- (l) 109A Regents Park Road, London, NW1 8UR.
- (m) C/O Tit, 1 Redcliff Street, Bristol, United Kingdom, BS1 6TP.
- (n) Companies covered by Section 357, Companies Act 2014 guarantees (note 27).
- (o) Immediate subsidiary of C&C Group plc.
- (p) Entities that have availed of the audit exemption set out within Section 479A of the Companies Act 2006.
- (q) Struck off on 31st March 2022.

## Notes forming part of the financial statements (continued)

### 29. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTMENTS (continued)

#### Equity accounted investments

	Notes	Nature of business	Class of share held as at 28 February 2022
<b>Joint venture</b>			
Beck & Scott (Services) Limited (Northern Ireland)	(a)	Wholesale of drinks	Ordinary, 50%
Brady P&C Limited (England)	(b)(l)	Holding Company	Ordinary, 49.9%
Drygate Brewing Company Limited (Scotland)	(c)	Brewing	B Ordinary, 49%
The Irish Brewing Company Limited (Ireland)	(d)	Non-trading	Ordinary, 45.61%
3 Counties Spirits Limited (Ireland)	(e)	Spirits	Ordinary, 50%

#### Associate

CVBA Braxatorium Parcensis	(f)	Brewing	33.33%
Shanter Inns Limited (Scotland)	(g)	Public houses	Ordinary, 33%
Whitewater Brewing Co. Limited (Northern Ireland)	(h)	Brewing	Ordinary, 25%

#### Financial asset

Jubel Limited	(i)	Brewing	Ordinary, 8%
Innis & Gunn Holdings Limited	(j)	Brewing	8%
Bramerton Condiments Limited	(k)	Food and beverage	Ordinary, 1%

Notes: (a) – (k)

The address of the registered office of each of the above equity accounted investments is as follows:

(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW, Northern Ireland.

(b) 49 Berkeley Square, 2nd Floor, London W1J 5AZ.

(c) 85 Drygate, Glasgow, G4 0UT, Scotland.

(d) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.

(e) Gilligan & Co, Silversprings House, Saint Patrick's Road, Clonmel, Co. Tipperary, E91 NT32, Ireland.

(f) 3001 Leuven-Heverlee, Abdij van Park 7, Belgium.

(g) 230 High Street, Ayr, KA7 1RQ, Scotland.

(h) Lakeside Brae, Castlewellan, Northern Ireland, BT31 9RH.

(i) Office 311 Edinburgh House, 170 Kennington Lane, London, England, SE11 5DP.

(j) 6 Randolph Crescent, Edinburgh, EH3 7TH.

(k) 5th Floor 14-16 Dowgate Hill, London, England, EC4R 2SU.

(l) On 17 May 2022, the Group announced the sale of its joint venture investment in Brady P&C Limited ("Admiral Taverns"), to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). Admiral Taverns was classified as an asset held for sale as at 24 February 2022.

### 30. POST BALANCE SHEET EVENTS

On 17 May 2022, the Group announced the sale of its joint venture investment in Admiral Taverns, to Proprium Capital Partners for a total consideration of €65.8m (£55.0m). The sale of the shares will be completed and the consideration will be paid during FY2023, subject only to FCA approval. Admiral Taverns was classified as an asset held for sale as at 24 February 2022.

There were no other events affecting the Group that have occurred since the year end which would require disclosure or amendment of the consolidated financial statements.

### 31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 17 May 2022.

## Financial Definitions

<b>Adjusted earnings</b>	Profit/(loss) for the year attributable to equity shareholders as adjusted for exceptional items
<b>Company</b>	C&C Group plc
<b>Constant Currency</b>	Prior year revenue, net revenue and operating profit for each of the Group's reporting segments is restated to 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 revaluing the prior year figures using the current year average foreign currency rates
<b>DWT</b>	Dividend Withholding Tax
<b>EBITDA</b>	Earnings/(loss) before Interest, Tax, Depreciation and Amortisation charges excluding the Group's share of equity accounted investments' profit/(loss) after tax
<b>Adjusted EBITDA</b>	EBITDA as adjusted for exceptional items
<b>EBIT</b>	Earnings/(loss) before Interest and Tax
<b>Adjusted EBIT</b>	EBIT as adjusted for exceptional items
<b>Effective tax rate (%)</b>	Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of profit/(loss) before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investments' profit/(loss) after tax
<b>EPS</b>	Earnings/(loss) per share
<b>EU</b>	European Union
<b>Exceptional</b>	Significant items of income and expense within the Group results for the year which by virtue of their size or nature are disclosed in the Income Statement and related notes as exceptional items
<b>Free Cash Flow</b>	Free Cash Flow is a measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business
<b>GB</b>	Great Britain (i.e. England, Wales and Scotland).  For the purposes of segmental reporting, GB includes all sales executed and managed outside the Island of Ireland.
<b>Group</b>	C&C Group plc and its subsidiaries
<b>HL</b>	Hectolitre (100 Litres)  kHL = kilo hectolitre (100,000 litres)  mHL = millions of hectolitres (100 million litres)
<b>IAS</b>	International Accounting Standards
<b>IASB</b>	International Accounting Standards Board
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards as adopted by the EU
<b>Interest cover</b>	Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding IFRS 16 Leases finance charges, issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, for the same period

<b>Export</b>	Sales in territories outside of Ireland, Great Britain and North America
<b>LAD</b>	Long Alcoholic Drinks
<b>Liquidity</b>	Liquidity is defined as cash plus undrawn amounts under the Group's revolving credit facility
<b>Net debt</b>	Net debt comprises borrowings (net of issue costs) less cash plus lease liabilities capitalised under IFRS 16 <i>Leases</i>
<b>Net debt/EBITDA</b>	A measurement of leverage, calculated as the Group's Net debt divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant
<b>Net revenue</b>	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
<b>NI</b>	Northern Ireland
<b>Non-controlling interest</b>	Non-controlling interest is the share of ownership in a subsidiary entity that is not owned by the Group
<b>Off-trade</b>	All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises
<b>On-trade</b>	All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises
<b>Operating profit/(loss)</b>	Profit/(loss) earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of equity accounted investments' profit/(loss) after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement
<b>Operating margin</b>	Operating margin is based on operating profit/(loss) before exceptional items and is calculated as a percentage of net revenue
<b>PPE</b>	Property, plant & equipment
<b>Revenue</b>	Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives
<b>ROI</b>	Republic of Ireland
<b>TSR</b>	Total Shareholder Return
<b>UK</b>	United Kingdom (Great Britain and Northern Ireland)
<b>US</b>	United States of America

## Shareholder and Other Information

C&C Group plc is an Irish registered company (registered number: 383466). Its ordinary shares are quoted on the London Stock Exchange (ISIN: IE00B010DT83 SEDOL: B010DT8).

C&C Group plc also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C Group plc ordinary shares.

The authorised share capital of the Company at 28 February 2022 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2022 was 401,913,690 ordinary shares of €0.01 each.

### Euroclear Bank

Following the migration in March 2021 of securities settlement in the securities of Irish registered companies listed on the London Stock Exchange (such as the Company) and/or Euronext Dublin from the CREST settlement system to the replacement system, Euroclear Bank, the Company's shares are held and transferred in certificated form (that is, represented by a share certificate) or in electronic form indirectly through the Euroclear System or through CREST in CDI (CREST Depository Interest) form. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

SHARE PRICE DATA	2022	2021
Share price at year end	£2.11	£2.58
	2022 Number	2021 Number
No of Shares in issue at year end	401,913,690	320,480,164
Market capitalisation 28 February	£848m	£827m
Share price movement during the financial year		
– high	£2.98	£3.36
– low	£2.03	£1.45

### Dividend Payments

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

Due to COVID-19 and the impact this had on global economies and on business generally, the Board concluded it was not appropriate to pay an interim dividend or a final dividend for FY2022.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. DWT exemption forms may be obtained from the Irish Revenue Commissioners website: <http://www.revenue.ie/en/tax/dwt/forms/index.html>. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed exemption form has not been received by the relevant record date. Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Link Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

### Holders through Euroclear Bank

Investors who hold their shares via Euroclear Bank or (in CDI form) through CREST will automatically receive dividends in Euro unless they elect otherwise.

### Certificated shareholders

Shareholders who hold their shares in certificated form will automatically receive dividends in Euro with the following exceptions:

- Shareholders with an address in the United Kingdom (UK) will automatically receive dividends in Sterling,
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will be automatically used should contact the Company's Registrars.

## Electronic Communications

In order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, where the Company deems it appropriate, other documentation by post.

## Company Secretary and Registered Office

Mark Chilton, C&C Group plc  
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702  
Tel: +353 1 506 3900

## Registrars

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's registrars:

Link Registrars Limited (trading as Link Assets Services)  
P.O. Box 1110, Maynooth, Co. Kildare (if delivered by post) or;  
Block C, Maynooth Business Campus, Maynooth, County Kildare,  
W23 F854, Ireland (if delivered by hand)  
Tel: +353 1 553 0050  
Fax: +353 1 224 0700  
Email: [enquiries@linkgroup.ie](mailto:enquiries@linkgroup.ie)  
Website: [www.linkassetsservices.com](http://www.linkassetsservices.com)

## American Depositary Receipts (ADR)

Shareholder with queries concerning their ADR holdings should contact:  
Deutsche Bank Trust Company Americas  
C/o American Stock Transfer & Trust Company, 6201 15th Avenue,  
Brooklyn, NY 11219.  
Tel: Toll free +1 866 249 2593  
International +1 718 921 8137  
Email: [db@astfinancial.com](mailto:db@astfinancial.com)

## Investor Relations

FTI Consulting  
10 Merrion Square, Dublin 2, D02 DW94

## Principal Bankers

ABN Amro Bank  
Allied Irish Bank  
Bank of Ireland  
Bank of Scotland  
Barclays Bank  
HSBC  
Rabobank  
Ulster Bank

## Solicitors

McCann FitzGerald  
Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576

## Stockbrokers

Davy  
Davy House, 49 Dawson Street, Dublin 2, D02 PY05

Barclays Bank plc  
5 The North Colonnade, Canary Wharf, London E14 4BB

Numis Securities Limited  
10 Paternoster Square, London, EC4M 7LT

## Auditor

Ernst & Young,  
Chartered Accountants,  
Harcourt Building,  
Harcourt Street,  
Dublin 2.

## Website

Further information on C&C Group plc is available at [www.candcgroupplc.com](http://www.candcgroupplc.com)