Confidential

McBride plc
(“McBride”, the “Company” or the “Group”)

Business performance and prospects improving after difficult year, with funding certainty now in place

29 September 2022

McBride, the leading European manufacturer and supplier of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets, announces its preliminary results for the year ended 30 June 2022.

Significant operating losses resulting from multiple external challenges
- Year dominated by rampant and significant cost inflation, primarily raw materials but also supply chain and logistics costs
- Annualised inflationary impact exceeded £200m in the final quarter
- Multiple price increases implemented through the year to recover cost inflation, but time lag between cost rises and price recovery
- Cost control, design to value product developments and cash management also implemented to mitigate impact

Reset of lending agreements provides funding certainty
- Encouraging support from Group’s main lenders in newly negotiated borrowing agreements
- Increased liquidity headroom, revolving credit facility remains in place to 2026, other facilities committed to 2024
- Provides funding certainty to support Group’s strategic objectives

Actions implemented to support financial recovery in FY23 and Group’s strategic direction
- Significant progress with price and margin recovery, further actions in play in support of recovery to historic margins
- Strengthening our market position in private label against a difficult market backdrop last year both with existing and new customers
- Early signs of private label share growing as ‘cost of living’ rises impact consumers
- Commitment to retail customers and their consumers through fast development of ‘design to value’ options to mitigate cost pressures
- Service levels now improving after difficult period following new leadership and organisation
- Compass cost savings on track to achieve target of £20m by the end of FY23; £11.6m achieved in FY22
- Excellence and Transformation agenda being defined for launch in FY23, targeting £50m benefit over five years
- Corporate carbon footprint assessment completed, good progress on green energy use
- Year to date, trading has been in line with expectations. At this stage, the Group is maintaining its view that full-year earnings will be in line with our expectations.

Financial headlines
- Group revenue of £678.3m (2021: £682.3m), 0.6% lower (2.9% up at constant currency)
- Adjusted operating loss(1) of £24.5m (2021: profit of £24.1m)
- Operating loss from continuing operations of £26.7m (2021: profit of £15.5m)
- Adjusted loss before tax of £29.6m (2021: profit of £19.9m)
- Loss before tax from continuing operations of £35.3m (2021: profit of £11.3m)
- Adjusted diluted loss per share(2) from continuing operations of 11.7p (2021: earnings per share 11.7p)

- Diluted loss per share from continuing operations of 13.8p (2021: earnings per share 7.8p)
- No final dividend proposed (2021: nil)
- Net debt(3) at £164.4m (30 June 2021: £118.4m)

Chris Smith, Chief Executive Officer, commented:

"The Group has experienced an exceptional set of challenges this last year, with rampant and unpredictable inflation, supply chain disruptions, residual Covid-19 impacts, staff shortages and weak demand levels. The McBride team has worked tirelessly at the various mitigations in a very uncertain and difficult environment for the Group and its customers. As we start the new financial year, our trading performance is improving, market dynamics are favouring private label and, with the support of our lenders, we have a reset funding arrangement to provide a clear runway for the Group to pursue its strategic objectives."

McBride plc

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A results presentation will be available on the McBride plc investor relations website from 1.00pm today.

£m unless otherwise stated	**Year to 30 Jun 2022**	Year to 30 Jun 2021	Reported change	Constant currency change(4)
Continuing operations(5)				
Group revenue	**678.3**	682.3	(0.6)%	2.9%
Adjusted operating (loss)/profit(1)	**(24.5)**	24.1	(48.6)	(47.1)
Operating (loss)/profit	**(26.7)**	15.5	(42.2)	
Adjusted (loss)/profit before taxation	**(29.6)**	19.9	(49.5)	(48.3)
(Loss)/profit before taxation	**(35.3)**	11.3	(46.6)	
Adjusted diluted (loss)/earnings per share(2)	**(11.7)p**	11.7p	(23.4)p	
Diluted (loss)/earnings per share	**(13.8)p**	7.8p	(21.6)p	
Total operations				
Group revenue	**678.3**	682.3	(0.6)%	2.9%
Adjusted operating (loss)/profit(1)	**(24.5)**	24.1	(48.6)	(47.1)
Operating (loss)/profit	**(27.1)**	14.8	(41.9)	
Adjusted (loss)/profit before taxation	**(29.6)**	19.9	(49.5)	(48.3)
(Loss)/profit before taxation	**(35.7)**	10.6	(45.5)	
Adjusted diluted (loss)/earnings per share(2)	**(11.7)p**	11.7p	(23.4)p	
Diluted (loss)/earnings per share	**(14.0)p**	7.5p	(21.5)p	
Net debt(3)	**164.4**	118.4	46.0	
Adjusted return on capital employed(6)	**(11.4)%**	11.5%	22.9ppt	

1 Adjustments were made for the amortisation of intangible assets and exceptional items.

2 Adjustments were made for the amortisation of intangible assets, exceptional items, unwind of discount on provisions and any related tax.

3 Net debt comprises cash and cash equivalents, overdraft, bank and other loans and lease liabilities.

4 Comparatives translated at financial year 2022 exchange rates.

5 During the 2019 financial year, the Group successfully completed the sale of the European Personal Care (PC) Liquids business. The financial results of this business have been treated as discontinued operations. The remaining activities within the Group are referred to as continuing operations.

6 Rolling twelve months adjusted operating (loss)/profit from continuing operations as a percentage of average year-end capital employed. Capital employed is defined as property, plant and equipment, intangible assets, right-of-use assets, current trade and other receivables less current trade and other payables.

Overall business performance
Without doubt, the last financial year was the toughest trading year the Group in its current form has ever experienced. The external factors of rampant and unpredictable inflation, supply chain disruptions, residual Covid-19 impacts, staff shortages and weak demand levels have challenged the business, its management teams and its usually ample funding capacity.

The scale of the challenge from cost rises, mostly materials, reached over £200 million on an annualised basis in the final quarter. Our progressive actions to mitigate has seen success, but time lags have meant cost rises outweighed recovery benefits in the period to June. Consequently, the financial performance for the past year has been very poor. However the response of the McBride team to this 'avalanche' of challenges has been excellent and the ongoing recovery actions support an improved financial outlook into the new year.

Full-year Group revenue at £678.3 million was 0.6% lower as reported, but 2.9% higher than the prior year at constant currency. On a constant currency basis, following sales declines of 6.6% in the first half, second half revenue grew by 13.4% as we were able to partially offset exceptional input cost pressures by passing on those costs in the form of higher prices to our customers.

Adjusted operating loss(1) for the year was £24.5 million compared to a profit in the previous year of £24.1 million. Following the first half adjusted operating loss(1) of £14.8 million (2021: profit of £19.0m), the rate of losses slowed in the second half and were in line with our expectations.

Total sales volumes have seen a decline of 6% with volumes to contract customers falling 32%, mostly as a result of post Covid-19 'fill volumes' falling away. Private label volumes saw a smaller effect with a decline of 2% across the year but flat in the second half. This volume effect was offset by average selling price increases of over 9% for the year and 18% in the second half.

Whilst it is disappointing to see the Group's volumes lower, the performance is good against a market backdrop of a 6% fall in the overall market, with equal impact in both branded and private label volumes. At a category level, total market volumes declined most heavily in cleaners, seeing twelve-month volume fall of 9% as Covid-19 behaviours adapted, McBride volumes fell 6% in this category. In dishwash, whilst the overall market reduced 5%, we saw volumes rise 2% and for laundry, where market volumes fell 3%, the Group's volumes rose just under 1%.

The year was dominated by actions to offset the rapid and exceptional input cost inflation. The size of the impact was changing rapidly and difficult to predict. As a Group we have taken all necessary steps to control and reduce our own costs and cash outlays, but the scale of increases meant we were left with no choice but to apply a series of price rises to our customers. These discussions were difficult and tough, but we believe our open and transparent approach has resulted in strong support and cooperation from customers. These significant price rises were delivered in a series of waves progressively through the year, with additional rises still in discussion in the new year as we also deal with energy, transport, labour, and other inflation rises. Increasingly, customers are pursuing the various options we have presented for product cost mitigation alongside pure price increases.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Input prices
The severe supply chain challenges and exceptional input cost pressures seen across many industries have continued to heavily impact McBride. The financial impact from this environment has been very significant, which together with availability pressures has created a 'tsunami' of cost increases, the annual effect being in excess of £200 million, for the business to handle. Across the entire range of raw materials and packaging, we expect total costs to have risen by 51% between December 2020 and June 2022. The whole industry has been affected, whether branded or private label, and the size of the increases has warranted urgent pricing conversations with our customers alongside many branders publicly warning of price rises for their products. Throughout the year we continued to experience challenges with logistics availability and freight costs, whilst surging

energy prices and increases in labour costs in the second half of the year have added further inflationary pressures. Maintaining a reliable supply into our factories has been challenging, but with the support of some key suppliers and the tenacity of the purchasing team both in minimising cost rises and securing supplies, we have been successful in this area with disruption limited.

Programme Compass
The Compass operating model has now become fully embedded in the Group, despite the trading challenges experienced in the early stages of deploying our Compass strategies, which were launched in January 2021. It has been particularly encouraging to see the new divisional business teams develop and mature over the year, despite having had to focus on short term margin recovery actions for almost the entire year. Our divisionally focused approach has allowed us to develop an improved 'specialist' proposition across all our geographies and product categories, which is a key outcome from Compass. Ensuring we are closer to our key customers, listening and acting to support their needs and requirements, partnering and jointly developing the right value proposition is key to our growth plans and our ambition to be the preferred choice to our retail customers and their consumers. This new focus also benefits our contract customers, which has already resulted in several contract manufacturing wins due to start in the next financial year.

We completed a review and update of each divisional strategy earlier this calendar year. The review confirmed the Compass approach, divisional organisation and the strategic direction of each division, whilst reaffirming the fact that our purpose, vision and values continue to set the right objectives for the Group. The recent challenging trading situation has clearly required each division to modify and adapt their strategic pathways in light of recent macro factors but the individual strategies for each division continue to remain appropriate for the Group.

As we stabilise and see improving financial outcomes from trading, the element of the Compass strategy that will deliver more effective and efficient processes and thus improved margins from lower structural costs will launch in the new financial year. An Excellence and Transformation team is being recruited to lead the deployment of multiple work streams in support of the Compass margin ambitions, initially targeting £50 million of benefit over five years.

Covid-19
We have continued to work with colleagues across the Group to maintain a Covid-19 secure work environment. We have continuously reviewed and regularly updated the wide-ranging day-to-day operational measures put in place last year on an ongoing basis through the year as we responded to the evolving nature of the pandemic and the changing environment within which the Company operates.

All of our factories remained operational throughout the year, and as lockdowns have lifted, we have reopened facilities and welcomed colleagues back to the office, many of whom have continued to work in a hybrid way this year. Our operations in the Asia Pacific division were once again affected by a higher level of Covid-19 related disruption this year. We had to host workers within our Vietnam site for a few months, to allow the site to remain operational during peaks in the pandemic, while strict lockdown rules in Malaysia led to a shortage of foreign workers, thereby impacting our output and service levels. It has been encouraging to note that our Asia Pacific division has successfully overcome these Covid-19 challenges and has made a positive contribution to the Group's results.

Divisional portfolio performance

Revenue	**Year to 30 June 2022 £m**	Year to 30 June 2021 £m	Reported change	Constant currency[1]
Liquids	**383.9**	376.1	2.1%	5.6%
Unit Dosing	**171.5**	181.5	(5.5)%	(1.9)%
Powders	**68.6**	66.3	3.5%	7.2%
Aerosols	**31.9**	34.0	(6.2)%	(2.1)%

Asia Pacific	**22.4**	24.4	(8.2)%	(6.7)%
Group	**678.3**	682.3	(0.6)%	2.9%

Adjusted operating (loss)/profit[1]	**Year to 30 June 2022 £m**	Year to 30 June 2021 £m	Reported change £m	Constant currency[2] £m
Liquids	**(15.9)**	11.7	(27.6)	(26.9)
Unit Dosing	**(0.8)**	16.7	(17.5)	(16.8)
Powders	**(2.5)**	(2.3)	(0.2)	(0.2)
Aerosols	**(1.5)**	0.8	(2.3)	(2.2)
Asia Pacific	**0.7**	1.9	(1.2)	(1.2)
Corporate	**(4.5)**	(4.7)	0.2	0.2
Group	**(24.5)**	24.1	(48.6)	(47.1)

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

[2]Comparatives translated at financial year 2022 exchange rates.

Liquids performance review

Liquids revenue grew by 5.6% on a constant currency basis, the net of an overall fall in volumes in the period of 4.9% offset by the effects of price increases.

The volume performance for Liquids was mostly impacted by lower volumes to our contract manufacturing customers (down 38%), with private label lower by 1.2%. This private label performance compares favourably with the volumes for the five key private label markets in Europe, which declined on average by 5.6% versus the prior year, as some of the positive impact in prior periods from Covid-19 unwound. Our volumes into contract manufacturing customers reduced as the need for top-up volumes from the branders fell post Covid-19.

Volume of laundry products for private label grew by 3.8% versus prior year, again outperforming the five key private label markets in Europe, which declined on average by 0.2%. For consumers, daily laundry habits were disrupted during the two years of Covid-19 lockdowns and curfews. Volumes have not returned to pre-pandemic levels however, which is thought to be due to the increased prevalence of remote or hybrid working.

Adjusted operating loss[(1)] of £15.9 million was £26.9 million lower than prior year at constant currency, and whilst the second half was still loss making, profit performance improved with losses lower by 40% compared to the first half. Fourth quarter exit rate margins, whilst still not back at historical levels, were stronger than the full-year average due to the timing of the price increase implementation. These higher prices are expected to annualise in the next financial year.

Service levels were impacted by disrupted raw material supply, driver availability and Covid-19-related staff absences. This negatively impacted volumes in the period and led to an increase in customer penalties. Global supply chains remain unstable, with uncertainty around supply of key materials and with logistics routes disrupted. Good progress has been made with committed Compass cost reduction actions, with in-year savings in line with target. Given the challenge to margins, management action has been taken to further tighten spending controls and restrict capital investment to conserve cash.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Unit Dosing performance review

Revenue for the full year was lower by 1.9% on a constant currency basis and on a full-year adjusted[(1)] basis the division recorded an operating loss of £0.8 million (2021: profit of £16.0m), resulting in an adjusted operating loss[(1)] margin of 0.5% (2021: profit margin of 9.2%).

Following a year-on-year revenue decline of 8.7% in the first half of the financial year, the business grew by 5.0% in the second half. This was driven by the impact of price increases and through volume improvements in laundry capsules. Whilst now improving, unfortunately, service challenges, specifically in Germany, continued to have a negative impact on dishwash revenue in the second half.

The division saw exceptional cost inflation throughout the year in all areas including raw materials, energy, transport and labour cost. By the end of the year the business realised significant price increases to help offset this inflation, in conjunction with many other cost reduction initiatives.

Revenue in private label grew by 3% while contract manufacturing business revenue declined by 21% as peak pandemic volumes reduced and thus the need to supply ‘fill volumes’ also fell. Overall, dishwash sales decreased by 1% as volume run-rates saw a downward correction as Covid-19 restrictions ended. Since May 2022, volumes have been improving as a result of the positive impact of new wins for classic and all-in-one dishwasher tablets and descaler tablets. The laundry capsules business has stabilised in the second half of the year, with revenue higher by 13% year over year following a three-year period of decline where the business recorded a negative balance between contract gains and losses. Additionally, though still in its infancy, good progress has been seen from the new revenue stream for refill tablets for liquid cleaners.

Each of the factories faced varying operational issues during the year. A combination of high absence rates due to Covid-19, high attrition rates for technical roles and multiple first-time operational events, led to weaker efficiency levels and higher waste rates. By the fourth quarter, these issues were largely resolved which supports improved momentum into the new financial year. Throughout the year, the division successfully exerted tight cost controls on divisional fixed cost, inventory levels and Capex spend as a response to the challenging financial performance.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Powders performance review

Full-year revenue in Powders was 7.2% higher on a constant currency basis, but adjusted operating loss[(1)] increased from £2.3 million to £2.5 million, with £0.2 million ongoing cost actions and volume growth targeting in place to get the business back to at least break-even in the near term.

The demand for laundry products recovered versus previous year as the Covid-19 restrictions were lifted. The impact is being driven by people returning to work and being able to socialise, with the knock-on effect of washing their clothes more frequently, although this has not reached pre-pandemic levels. The improvement in rates of sale in both private label and contract manufacturing for laundry powder that was witnessed at the end of the previous financial year was sustained over the course of the current year. These sales trends were reflected across the entire European region, although the two largest countries UK and Germany recorded higher than average increases. Private label sales grew slightly despite the loss of one major contract in laundry powder tablets. Contract manufacturing sales were also higher as the industrial and hospitality sectors benefited from the easing of restrictions in eating out and travel.

Gross margins declined significantly versus the previous year due to the significant and unprecedented increases in raw material and logistics costs. To offset this inflationary pressure, a series of price increases were negotiated with customers as well as making improvements in product and other costs.

As seen across the Group’s divisions, delays in the realisation of price rises meant higher costs exceeded price recovery during the period, leading to increased losses for the year. The division also continued to maintain a strong cost focus across the business which enabled a reduction in the overheads cost base. As a result, overall, the adjusted operating loss[(1)] of the Powders division increased by £0.2 million but with an improving profitability trend as the business exited the financial year. Despite the poor profit performance, actions were implemented to reduce inventories to improve the working capital position.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Aerosols performance review
Aerosols revenue of £31.9 million was 2.1% lower and full-year adjusted operating loss[1] of £1.5 million was down £2.2 million, both on a constant currency basis compared to the prior year. This resulted in an adjusted operating loss margin[1] of 4.6% (2021: profit margin of 2.1%).

The four main product categories of the Aerosols division are: household (air fresheners and cleaners), personal care (deodorants and shaving), insecticides and hydroalcoholic (hand and 'one-shot' sanitisers). While the household and personal care ranges saw increasing demand in the year, insecticides declined slightly due to seasonal timing impacts, with hydroalcoholic sanitiser categories mostly disappearing post the high early Covid-19 demand in 2020. As a result of these different dynamics, following a first half revenue performance adversely impacted from the reduction in sanitizer product sales, the second half saw sales increased by 3.1% across all our core categories.

The Aerosols division was also heavily impacted by unpredictable and successive waves of raw material price increases. As with the other divisions and despite the effort of our teams, customer acceptance of price increases lagged the input cost inflation by circa three months on each pricing wave, leading to margin squeeze for much of the year. The operating profit impact of these pricing recovery lags and the adverse sales mix was mitigated to some extent by overhead cost control. However, after two successive years of generating profits, this year the division delivered a full-year adjusted operating loss[1] of £1.5 million (2021: profit of £0.8 million).

[1]*Adjustments were made for the amortisation of intangible assets and exceptional items.*

Asia Pacific performance review
Asia Pacific revenue of £22.4 million was lower by 6.7%, adjusted operating profit[1] of £0.7 million was lower by 61.1%, both on a constant currency basis. This resulted in an adjusted operating profit margin[1] of 3.3%.

The division's performance has been hit significantly for the second year in a row by external factors. The extended and severe pandemic lockdowns created reduced demand in the stores. Footfall in stores across the region decreased due to Covid-19 and our run rates have been notably hit especially in the first three quarters of the fiscal year. In addition, some of the usual promotional activities did not take place as planned in the third quarter.

The overall fall in sales of 6.7% was primarily due to Australia being lower year-on-year. Nevertheless, thanks to the strong resilience of the local teams and our customers' trust as we were slowly exiting out of Covid-19, we could see a recovery appearing in the fourth quarter of the fiscal year with sales picking up again in Malaysia and South-East Asia, while demand in Australia has also been recovering.

The impact of Covid-19 was evident in our operations. Strict lockdown rules meant shortages of foreign workers able to enter Malaysia impacted output and service levels. At our site in Vietnam, we had to review our operational set-up by hosting workers on site for a few months. On top of this, unprecedented floods in Malaysia temporarily blocked access to the production facility. Lastly, the disrupted global supply chain affected export shipments as container availability was erratic while costs increased significantly.

Our adjusted operating profit[1] of £0.7 million was £1.2 million lower than last year. This was driven by the same exceptional raw material cost increases experienced in all the divisions. However, we successfully offset those costs with some price increases to our main customers in retail and contract manufacturing but could not completely balance the higher costs we incurred. Managing our cost base has remained a priority to try and combat the general inflationary pressures we experienced.

While our operating profit margin has declined versus last year, the division still reported a profit, a good performance considering the general environment and trading conditions of the past year. Along with the recent change in Regional Managing Director, further reinforcement of the local management team is planned in the coming year to support future growth for the division.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Group operating results

The full-year operating loss from continuing operations of £26.7 million was a significant reduction from the prior year (2021: profit of £15.5m). Full-year adjusted operating loss(1) of £24.5 million was also significantly lower than the prior year (2021: profit of £24.1m) and adjusted operating profit margin(1) decreased from 3.5% to (3.6)%.

During the year, the Group experienced rapid input cost inflation and supply chain disruptions, exacerbated further in the second half of the year by the conflict in Ukraine. These impacts have been predominantly offset through pricing and value engineering actions, however, the time lag between the exceptional levels of input cost inflation hitting our business and the mitigating actions being agreed with, and then implemented by our customers, significantly impacted our profitability.

[1]Adjustments were made for the amortisation of intangible assets and exceptional items.

Group EBITDA

Full-year adjusted EBITDA(1) of £(3.6) million (2021: £45.5m) reflected the challenging trading conditions.

	2022 **£m**	2021 £m
Operating (loss)/profit	**(27.1)**	14.8
Add back: operating loss from discontinued operations	**0.4**	0.7
Operating (loss)/profit from continuing operations	**(26.7)**	15.5
Exceptional items	**(0.4)**	6.2
Amortisation of intangibles	**2.6**	2.4
Adjusted operating (loss)/profit	**(24.5)**	24.1
Depreciation of property, plant and equipment	**16.9**	17.6
Depreciation of right-of-use assets	**4.0**	3.8
Adjusted EBITDA	**(3.6)**	45.5

[1]Defintion and reconciliation provided in note 19.

Exceptional items

Total exceptional items of £3.1 million were recorded during the period in relation to continuing operations (2021: £6.2m), including £3.5 million exceptional finance costs and a £0.4 million exceptional credit within operating profit. The charges primarily comprised the following:

- £3.5 million of costs in relation to the independent business review programme, recognised within finance costs;
- £0.7 million cost relating to the Group’s logistics transformation programme, including £0.8 million of consultancy costs and £0.2 million of redundancy costs, offset by £0.3 million of profit on sale of a warehouse in France;
- £0.6 million additional costs relating to the revaluation of the ongoing environmental remediation liability in Belgium;
- £0.1 million in respect of one-off legacy costs in relation to the former UK Aerosols site in Hull; partially offset by
- £1.8 million profit on the sale of the Barrow site, which ceased operations in October 2020, offset by £0.4 million clearance and site closure costs; and
- £0.4 million gains relating to Programme Compass, including £1.6 million profit on sale of a factory in Malaysia, offset by £0.9 million impairment of fixed assets and £0.3 million in consulting support and other project expenses.

Finance costs

At £5.1 million, adjusted finance costs were £0.9 million higher than prior year driven by net foreign exchange losses (2021: £4.2m).

Loss before tax and taxation

Reported loss before taxation from continuing operations was £35.3 million (2021: profit of £11.3m). Adjusted loss before taxation from continuing operations was £29.6 million (2021: profit of £19.9m). The tax credit on continuing adjusted loss before tax for the year is £9.3 million (2021: £1.1m credit) and the effective tax rate is 31% (2021: (6)%).

The statutory effective tax rate on continuing operations for the year is 32% (2021: (24)%).

The Group operates across a number of jurisdictions and tax risk can arise in relation to the pricing of cross-border transactions, where a taxation authority's interpretation of the arm's length principle can diverge from the approach taken by the Group. During the year the Group made minor changes to the Group's transfer pricing policy to update it for changes to operating structures and accountabilities following Programme Compass changes that are now fully embedded.

Earnings per share

On an adjusted basis, diluted loss per share from continuing operations was 11.7 pence (2021: earnings of 11.7p). Total adjusted diluted loss per share was 11.7 pence (2021: earnings of 11.7p), with basic loss per share at 14.0 pence (2021: earnings of 7.5p).

Payments to shareholders

On 2 November 2020, the Company announced that it would commence a share buy-back programme of up to £12 million in McBride plc ordinary shares, running from 2 November 2020 through to the date of the Company's next AGM.

During the year, the Group purchased and cancelled 0.2 million ordinary shares (2021: 8.6m) representing 0.1% (2021: 4.7%) of the issued ordinary share capital as at 2 November 2020. The shares were acquired at an average price of 77.0 pence (2021: 79.3p) per share, with prices ranging from 73.3 pence per share to 78.6 pence per share (2021: 61.0p per share to 90.0p per share). The total cost of £0.1 million (2021: £6.8m) was deducted from equity. A transfer of £nil (2021: £0.9m) was made from share capital to the capital redemption reserve. The Board ended the share buy-back programme on 7 September 2021.

Investing in the business to drive mid-term sustainable profitable growth is a key priority of the Group. The Group's flexible policy on payments to shareholders makes distributions when appropriate and affordable. More specifically, annual payments will be payable only when the net debt to adjusted EBITDA leverage ratio (on an accounting basis) is 2.0x or less.

Once this ratio is 2.0x or less the Group has indicated a progressive dividend policy, as follows:

1.5x to 2.0x	Base dividend – one sixth of EPS	Cash
1.0x to 1.49x	Additional distribution – one sixth of EPS	Cash / share buy-back / retain
Below 1.0x	Special distribution	At Board's discretion

Since the ratio was over 2.0x at 30 June 2022, and per the agreement with our lender group not to pay dividends for the duration of the new banking agreement, the Board does not propose a distribution to shareholders.

Cash flow and balance sheet

Free cash flow	**2022 £m**	2021 £m
Adjusted EBITDA	**(3.6)**	45.5
Working capital excluding provisions and pensions	**(15.3)**	(9.4)
Share-based payments	**—**	0.3

Loss on disposal of fixed assets	**0.3**	0.4
Non-exceptional impairment	**(0.1)**	0.3
Pension deficit reduction contributions	**(4.0)**	(4.0)
Free cash flow	**(22.7)**	33.1
Exceptional items	**(4.1)**	(8.0)
Interest on borrowings and lease liabilities less interest receivable	**(3.3)**	(3.2)
Tax paid	**(0.1)**	(7.3)
Net cash (used)/generated from operating activities	**(30.2)**	14.6
Net capital expenditure	**(13.2)**	(28.5)
Debt financing and refinancing activities	**22.9**	1.1
Settlement of derivatives	**0.4**	3.8
Free cash flow to equity	**(20.1)**	(9.0)
Dividends paid/redemption of B shares	**(0.1)**	(2.0)
Share buy-back	**(0.1)**	(6.8)
Purchase of own shares held by Employee Benefit Trust	**—**	(0.3)
Net decrease in cash and cash equivalents	**(20.3)**	(18.1)

Net cash absorbed by continuing operations before exceptional items was £22.7 million (2021: net cash generated of £33.1m) in the year to 30 June 2022.

Working capital outflows increased compared to the prior year primarily due to the effects of inflation rolled up in net working capital, combined with reductions in creditor payment terms driven by the loss of credit insurance.

During the year, capital expenditure, including capital payments on lease liabilities less proceeds from the sale of fixed assets, was £13.2 million (2021: £28.5m) in cash terms. The reduction in capital expenditure levels resulted from careful management of cash flows to mitigate increases in net debt during the current challenging trading conditions. We continue to prioritise capital expenditure to underpin our strategy of focused investment in our growth categories.

In the final months of its share buy-back programme, the Group bought back shares for a total cash outflow of £0.1 million (2021: £6.8m) in the year. The Employee Benefit Trust purchased none (2021: £0.3m) of McBride plc shares.

The Group's net assets decreased to £57.0 million (2021: £69.8m). Gearing[(1)] increased to 80% (30 June 2021: 66%), resulting from the increase in net debt, and adjusted return on capital employed of (11.4)% was lower compared to the prior year (2021: 11.5%).

[1]Gearing represents net debt divided by the average of current and prior year year-end capital.

Bank facilities and net debt

Net debt at 30 June 2022 increased by £46.0 million to £164.4 million (30 June 2021: £118.4m), as a result of both the significant reduction in adjusted EBITDA, and working capital increases caused by the exceptional input cost inflation experienced in the year. Net debt, excluding IFRS 16, increased by £45.3 million to £152.4 million (30 June 2021: £107.1m), again mainly due to challenging trading conditions.

Throughout the year the Group had an unsecured €175 million multi-currency, sustainability-linked revolving credit facility (RCF). The facility was agreed initially for a five-year tenor to May 2026, with the option to be extended to 30 September 2027, and is provided by a syndicate of supportive international bank lenders. The facility also includes a €75 million uncommitted accordion feature which could provide additional commitments for potential acquisitions in support of our Programme Compass strategy.

The facility, which is aligned with the Loan Market Association 'Sustainability Linked Loan Principles', incorporates three sustainability performance targets which are central to McBride plc's commitment to maintaining a responsible business and contributing actively to a more sustainable future:

1. Renewable energy: McBride plc strives to reduce its environmental impact by increasing the percentage of energy from renewable sources from 5.9% in 2020 to 70.0% in 2026. During this financial year, 25.5% of the Group's energy came from renewable sources, beating the target of 15.0% by 30 June 2022. This was driven by an increase in renewable energy into the Moyaux manufacturing site.

2. Recycled content: As plastics are a significant element in many of the final products of McBride plc, the Company targets to increase significantly the post-consumer recycled content of polyethylene terephthalate (PET) plastic packaging sourced for manufacturing its products, from 64.0% in 2020 to 94.0% in 2026. During this financial year, 81.0% of PET bought had post-consumer recycled content, exceeding the target of 74.0%.

3. Responsible sourcing: McBride plc targets the sourcing of all paper and card components responsibly via FSC® approved suppliers, with the percentage of virgin carton sourced from FSC® approved suppliers increasing from 50.0% in 2020 to 100.0% in 2026. By 30 June 22, the percentage of skillets sourced that are FSC® certified was 60.5%, slightly ahead on the target of 60.0% by 30 June 2022.

Successful achievement of all three annual targets will result in a reduction of 0.05% of the margin of the facility.

<u>Position prior to 29 September 2022</u>
The Group's revolving credit facility (RCF) funding arrangements are subject to banking covenants, representations and warranties that are customary for unsecured borrowing facilities, including two financial covenants: debt cover (the ratio of net debt to EBITDA) may not exceed 3.0x and interest cover (the ratio of EBITDA to net interest) may not be less than 4.0x. For the purpose of these calculations, net debt excludes IFRS 16 leases and amounts drawn under the Group's invoice discounting facilities.

On 22 December 2021, the Group announced that its lender group waived the December 2021 covenant tests, following the significant deterioration of EBITDA due to unprecedented levels of input cost inflation. In reaching the agreement of the waiver, the Group agreed to maintain liquidity (cash plus facility headroom) of at least £40 million and not to pay dividends until the Group evidences compliance with its existing covenants. On 29 June 2022, the Group announced that its lender group waived the June 2022 covenant tests until 30 September 2022, with the same conditions.

As at 30 June 2022, the debt cover ratio under the RCF funding arrangements was (93.3)x (2021: 1.5x) and the interest cover was (0.2)x (2020: 11.0x). The amount undrawn on the facility was €64.5 million (2021: €87.0m).

At 30 June 2022, the Group had a number of facilities whereby it could borrow against certain of its trade receivables. In the UK, the Group had a £20 million facility that was committed until October 2022. In France and Belgium, the Group had an aggregate €30 million facility, on which a maximum of €25 million can be borrowed, with a rolling notice period of six months for the French part and three months for the Belgian part. In Germany, the Group had a €35 million facility committed until December 2023. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the value of the respective receivables.

The Group also has access to uncommitted working capital facilities amounting to £22.7 million at 30 June 2022 (2021: £44.3m). At 30 June 2022, £6.8 million (2021: £5.9m) was drawn against these facilities in the form of overdrafts and short-term borrowings.

<u>Position post 29 September 2022</u>
At 29 September 2022, the Group announced that it had agreed an amended RCF with its lender group, ensuring the Group has sufficient levels of liquidity headroom and can comply with revised covenant requirements. Key provisions of the revised agreement are:

- €175 million sustainability-linked RCF confirmed to May 2026;
- the option to extend to 30 September 2027 and the €75 million accordion feature previously agreed have been removed;
- RCF shall be secured against material asset, share and inter-company balances;
- RCF commitments to reduce, and be cancelled, in the amount of the Euro equivalent of £2.5 million every 3 months from September 2024 up until the termination date;
- existing bilateral overdraft facilities shall become ancillary facilities committed until 30 September 2024;
- invoice discounting facilities shall be committed to 30 September 2024;
- liquidity shall not be less than £15 million when tested on or prior to 30 September 2024;
- liquidity shall not be less than £25 million when tested post 30 September 2024;
- net debt cover and interest cover covenants to be tested quarterly from 30 September 2024;
- no dividends will be paid to shareholders until there is an ‘exit event’, being a change of control, refinancing of the RCF in full, prepayment and cancellation of the RCF in full or upon the termination date of the RCF, being May 2026; and
- the arrangement includes an ‘upside sharing’ mechanism whereby a fee will become payable by the Group to members of the lender group upon the occurrence of an exit event. Such fee to be determined as a percentage of any increase from the current market capitalisation of the Group to the market capitalisation of the Group at the date of such exit event.

The Group considers that the arrangement achieves an appropriate balance between the interests of all stakeholders of the Group. In particular, we have been in regular discussion and consultation with the Trustee of the Group’s defined benefit pension scheme in the UK. In order to preserve and support the position of the scheme, with the support of the lender group, we have agreed to provide in favour of the scheme a package of additional credit support in the UK, as well as a new information sharing protocol to ensure ongoing communication between the Group and the Trustee remains comprehensive.

The Group is currently negotiating to further increase liquidity by £25 million through extension of invoice discounting facilities to unencumbered receivables ledgers. However there is no certainty that these negotiations will be successful.

We are fully appreciative of the support that the lender group have given the Group through this period of uncertainty caused by macroeconomic factors, which have resulted in rapid and unprecedented rises in input costs, and ongoing global supply chain challenges.

Pensions
In the UK, the Group operates a defined benefit pension scheme, which is closed to new members and to future accrual.

A cash flow driven investment (CDI) strategy was implemented during the first half of the financial year to 30 June 2020. Using credit/bond investments, the CDI strategy delivers a stable, more certain, expected return and reduced volatility in the reported accounting deficit as assets and liabilities of the fund are better matched. At 30 June 2022, the Group recognised a deficit on the scheme of £14.4 million (30 June 2021: £29.3m). The deficit decreased significantly during the year primarily due to an increase in corporate bond yields.

Following the triennial valuation at 31 March 2021, the Company and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £48.0 million. The current level of deficit contributions of £4.0 million per annum, payable until 31 March 2028, will continue and this is expected to eliminate the deficit by 31 March 2028. The Company has separately agreed that (from 1 October 2024) if EBITA exceeds £30.0 million in any year following the year ending 31 March 2023, additional annual deficit contributions of £0.34 million for each £1.0 million of EBITA above £30.0 million, up to a maximum of £1.7 million, will become payable (monthly in arrears). Also, the Company has agreed to make additional contributions such that the total deficit contributions in any year match the value of any dividend paid. These arrangements will provide scope to de-risk and/or accelerate the recovery plan, where affordability of the business allows. The funding arrangements and recovery plan will next be reviewed by the Company and Trustee as part of the 31 March 2024 valuation.

The Group has other post-employment benefit obligations outside the UK that amounted to £1.7 million (30 June 2021: £2.6m).

Environmental, social and governance (ESG)
McBride plc works to integrate the principles of long-term environmental and social sustainability within its business strategy. Our approach to sustainability is underpinned by an analysis of the environmental, social and governance issues that are most relevant and important in the context of McBride plc's business activities. Whilst the Company recognises it must tackle climate change to remain sustainable, it also places environmental, social and governance issues at the core of its approach to sustainability. Given their strategic significance, our ESG priorities are actively driven and managed by a cross-functional ESG Committee, overseen directly by the CEO and reported to the Board.

We have developed a framework of non-financial key indicators and metrics to assess our performance against our ongoing environmental, social and governance objectives which sit alongside our obligations under the UK Corporate Governance Code ("the Code"). Progress is regularly monitored by the ESG Committee and reported on to our Board for review.

In 2020, we set ambitious targets for 2025 on product sustainability and our operations covering packaging recyclability, energy efficiency and waste. This year we have completed the external assessment of our corporate carbon footprint (CCF) where we can now see the shape of our emissions to enable our teams to target the most impactful areas of our operations, products, transport and employee travel. This data will allow us to set our future targets to be Net Zero Carbon and define the action plans we need to successfully deliver the reduction required. We continue with our ethos on product development to ensure that any new development is more sustainable than the product it is replacing and we are working with an external partner to measure the carbon footprint of individual products as well. This data helps to make even better choices in our product formulation and packaging to ensure the end result has a lower impact on the world than the previous product.

Principal risks and uncertainties
The Group is subject to risk factors both internal and external to its business and has a well-established set of risk management procedures. The following risks and uncertainties are those that the Directors believe could have the most significant impact on the Group's business:

- Financing risks;
- Supply chain resilience;
- Changing market, customer and consumer dynamics;
- Disruptions to systems and processes;
- Challenges in attracting and retaining talent;
- Climate change and environmental concerns; and
- Increased regulation.

Current trading and outlook
The early months of the new financial year have seen trading in line with our internal plans. Volumes are showing some early signs of recovery against a backdrop of an environment that should favour private label products. This together with an improving service performance provides reassurance both on our revenue outlook and factory loading levels. Recent months have seen overall raw material costs steadying but with widely varying trends between material groups. Energy and currency variations add further uncertainty to the cost environment and hence margin improvement actions from price rises or product engineering remain key activities. At this stage the Group is maintaining its view that full-year earnings will be in line with our expectations.

Consolidated income statement

Year ended 30 June 2022

	2022			2021		
	Adjusted	**Adjusting items**	**Total**	Adjusted	Adjusting items	Total
Continuing operations	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	**678.3**	**—**	**678.3**	682.3	—	682.3
Cost of sales	**(487.5)**	**—**	**(487.5)**	(445.3)	—	(445.3)
Gross profit	**190.8**	**—**	**190.8**	237.0	—	237.0
Distribution costs	**(64.3)**	**—**	**(64.3)**	(56.0)	—	(56.0)
Administrative costs	**(148.8)**	**(5.0)**	**(153.8)**	(154.9)	(8.6)	(163.5)
Impairment of trade receivables	**(2.0)**	**—**	**(2.0)**	(1.3)	—	(1.3)
(Loss)/gain on disposal of property, plant and equipment	**(0.3)**	**3.7**	**3.4**	(0.4)	—	(0.4)
Impairment of property, plant and equipment	**0.1**	**(0.9)**	**(0.8)**	(0.3)	—	(0.3)
Operating (loss)/profit	**(24.5)**	**(2.2)**	**(26.7)**	24.1	(8.6)	15.5
Finance costs	**(5.1)**	**(3.5)**	**(8.6)**	(4.2)	—	(4.2)
(Loss)/profit before taxation	**(29.6)**	**(5.7)**	**(35.3)**	19.9	(8.6)	11.3
Taxation	**9.3**	**2.0**	**11.3**	1.1	1.6	2.7
(Loss)/profit for the year from continuing operations	**(20.3)**	**(3.7)**	**(24.0)**	21.0	(7.0)	14.0
Discontinued operations						
Loss for the year from discontinued operations	**—**	**(0.3)**	**(0.3)**	—	(0.6)	(0.6)
(Loss)/profit for the year	**(20.3)**	**(4.0)**	**(24.3)**	21.0	(7.6)	13.4
(Loss)/earnings per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year						
Basic (loss)/earnings per share						
From continuing operations			**(13.8)p**			7.8p
From discontinued operations			**(0.2)p**			(0.3p)
From (loss)/earnings for the year			**(14.0)p**			7.5p
Diluted (loss)/earnings per share						
From continuing operations			**(13.8)p**			7.8p
From discontinued operations			**(0.2)p**			(0.3p)
From (loss)/earnings for the year			**(14.0)p**			7.5p

Consolidated statement of comprehensive income

Year ended 30 June 2022

	2022 £m	2021 £m
(Loss)/profit for the year	**(24.3)**	13.4
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	**0.2**	(4.6)
Gain on net investment hedges	**0.5**	3.7
Gain/(loss) on cash flow hedges in the year	**2.4**	(0.1)
Cash flow hedges transferred to profit or loss	**—**	(0.5)
Taxation relating to items above	**(0.5)**	—
	2.6	(1.5)
Items that will not be reclassified to profit or loss:		
Net actuarial gain/(loss) on post-employment benefits	**12.4**	(4.2)
Taxation relating to item above	**(3.1)**	4.1
	9.3	(0.1)
Total other comprehensive income/(expense)	**11.9**	(1.6)
Total comprehensive (expense)/income	**(12.4)**	11.8

Total comprehensive (expense)/income attributable to equity shareholders arises from:		
Continuing operations	**(12.1)**	12.4
Discontinued operations	**(0.3)**	(0.6)
	(12.4)	11.8

Consolidated balance sheet

As at 30 June 2022

	2022	2021
	£m	£m
Non-current assets		
Goodwill	**19.7**	19.7
Other intangible assets	**7.3**	8.2
Property, plant and equipment	**122.9**	129.8
Derivative financial instruments	**1.9**	0.1
Right-of-use assets	**11.3**	10.0
Deferred tax assets	**29.7**	22.8
	192.8	190.6
Current assets		
Inventories	**118.9**	92.9
Trade and other receivables	**145.4**	117.9
Current tax asset	**3.9**	3.7
Non-current assets classified as held for sale	**—**	1.6
Derivative financial instruments	**0.6**	0.2
Cash and cash equivalents	**4.5**	24.9
	273.3	241.2
Total assets	**466.1**	431.8
Current liabilities		
Trade and other payables	**206.9**	169.2
Borrowings	**60.5**	53.7
Lease liabilities	**3.9**	3.4
Derivative financial instruments	**—**	0.3
Current tax liabilities	**5.3**	4.2
Provisions	**3.4**	2.7
	280.0	233.5
Non-current liabilities		
Borrowings	**96.4**	78.3
Lease liabilities	**8.1**	7.9
Pensions and other post-employment benefits	**16.1**	31.9
Provisions	**3.8**	3.7
Deferred tax liabilities	**4.7**	6.7
	129.1	128.5
Total liabilities	**409.1**	362.0
Net assets	**57.0**	69.8
Equity		
Issued share capital	**17.4**	17.4
Share premium account	**68.6**	68.6
Other reserves	**77.2**	76.0
Accumulated losses	**(106.2)**	(92.2)
Total equity	**57.0**	69.8

Consolidated cash flow statement

Year ended 30 June 2022

	2022	2021
	£m	£m
Operating activities		
(Loss)/profit before tax		
Continuing operations	**(35.3)**	11.3
Discontinued operations	**(0.4)**	(0.7)
Finance costs	**8.6**	4.2
Exceptional items excluding finance costs	**—**	6.9
Share-based payments charge	**—**	0.3
Depreciation of property, plant and equipment	**16.9**	17.6
Depreciation of right-of-use assets	**4.0**	3.8
Loss on disposal of fixed assets	**0.3**	0.4
Amortisation of intangible assets	**2.6**	2.4
(Reversal of) impairment of property, plant and equipment	**(0.1)**	0.3
Operating cash flow before changes in working capital before exceptional items	**(3.4)**	46.5
(Increase)/decrease in receivables	**(27.4)**	13.2
Increase in inventories	**(25.7)**	(0.4)
Increase/(decrease) in payables	**37.8**	(22.2)
Operating cash flow after changes in working capital before exceptional items	**(18.7)**	37.1
Additional cash funding of pension schemes	**(4.0)**	(4.0)
Cash (used)/generated from operations before exceptional items	**(22.7)**	33.1
Cash outflow in respect of exceptional items	**(4.1)**	(8.0)
Cash (used)/generated from operations	**(26.8)**	25.1
Interest paid	**(3.3)**	(3.2)
Taxation paid	**(0.1)**	(7.3)
Net cash (used)/generated from operating activities	**(30.2)**	14.6
Investing activities		
Proceeds from sale of property, plant and equipment	**6.1**	0.2
Purchase of property, plant and equipment	**(12.6)**	(21.6)
Purchase of intangible assets	**(1.7)**	(2.2)
Settlement of derivatives used in net investment hedges	**0.4**	3.8
Net cash used in investing activities	**(7.8)**	(19.8)
Financing activities		
Redemption of B Shares	**(0.1)**	(2.0)
Drawdown of overdrafts	**0.7**	2.8
Drawdown of other loans	**6.0**	25.9
Drawdown of bank loans	**18.0**	76.2
Repayment of bank loans	**—**	(103.8)
Refinancing costs paid	**(1.8)**	—
Repayment of IFRS 16 lease obligations	**(5.0)**	(4.9)
Purchase of own shares	**(0.1)**	(6.8)
Purchase of own shares held by Employee Benefit Trust	**—**	(0.3)
Net cash generated/(used) in financing activities	**17.7**	(12.9)
Decrease in net cash and cash equivalents	**(20.3)**	(18.1)
Net cash and cash equivalents at the start of the year	**24.9**	44.2
Currency translation differences	**(0.1)**	(1.2)
Net cash and cash equivalents at the end of the year	**4.5**	24.9

Consolidated statement of changes in equity

Year ended 30 June 2022

			Other reserves				
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2021	17.4	68.6	(0.1)	(1.0)	77.1	(92.2)	69.8
Year ended 30 June 2022							
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(24.3)**	**(24.3)**
Other comprehensive income/(expense)							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	**—**	**—**	**—**	**0.2**	**—**	**—**	**0.2**
Gain on net investment hedges	**—**	**—**	**—**	**0.5**	**—**	**—**	**0.5**
Gain on cash flow hedges in the year	**—**	**—**	**2.4**	**—**	**—**	**—**	**2.4**
Taxation relating to items above	**—**	**—**	**(0.5)**	**—**	**—**	**—**	**(0.5)**
	—	**—**	**1.9**	**0.7**	**—**	**—**	**2.6**
Items that will not be reclassified to profit or loss:							
Net actuarial gain on post-employment benefits	**—**	**—**	**—**	**—**	**—**	**12.4**	**12.4**
Taxation relating to items above	**—**	**—**	**—**	**—**	**—**	**(3.1)**	**(3.1)**
	—	**—**	**—**	**—**	**—**	**9.3**	**9.3**
Total other comprehensive income	**—**	**—**	**1.9**	**0.7**	**—**	**9.3**	**11.9**
Total comprehensive income/(expense)	**—**	**—**	**1.9**	**0.7**	**—**	**(15.0)**	**(12.4)**
Transactions with owners of the parent							
Redemption of B Shares	**—**	**—**	**—**	**—**	**0.1**	**(0.1)**	**—**
Purchase of own shares	**—**	**—**	**—**	**—**	**—**	**(0.1)**	**(0.1)**
Transfers between reserves	**—**	**—**	**—**	**(1.5)**	**—**	**1.5**	**—**
Taxation relating to the items above	**—**	**—**	**—**	**—**	**—**	**(0.3)**	**(0.3)**
At 30 June 2022	**18.1**	**68.6**	**1.8**	**(1.8)**	**77.2**	**(106.2)**	**57.0**

			Other reserves				
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated losses £m	Total equity £m
At 1 July 2020	18.3	70.6	0.5	(0.1)	74.2	(96.6)	66.9
Year ended 30 June 2021							
Profit for the year	—	—	—	—	—	13.4	13.4
Other comprehensive (expense)/income							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	—	—	—	(4.6)	—	—	(4.6)
Gain on net investment hedges	—	—	—	3.7	—	—	3.7
Loss on cash flow hedges in the year	—	—	(0.1)	—	—	—	(0.1)
Cash flow hedges transferred to profit or loss	—	—	(0.5)	—	—	—	(0.5)
	—	—	(0.6)	(0.9)	—	—	(1.5)
Items that will not be reclassified to profit or loss:							
Net actuarial loss on post-employment benefits	—	—	—	—	—	(4.2)	(4.2)
Taxation relating to items above	—	—	—	—	—	4.1	4.1
	—	—	—	—	—	(0.1)	(0.1)
Total other comprehensive expense	—	—	(0.6)	(0.9)	—	(0.1)	(1.6)
Total comprehensive (expense)/income	—	—	(0.6)	(0.9)	—	13.3	11.8
Transactions with owners of the parent							
Issue of B Shares	—	(2.0)	—	—	—	—	(2.0)
Redemption of B Shares	—	—	—	—	2.0	(2.0)	—
Share-based payments	—	—	—	—	—	0.3	0.3
Purchase of own shares	—	—	—	—	—	(6.8)	(6.8)
Purchase of own shares held by Employee Benefit Trust	—	—	—	—	—	(0.3)	(0.3)
Transfers between reserves	(0.9)	—	—	—	0.9	—	—
Taxation relating to the items above	—	—	—	—	—	(0.1)	(0.1)
At 30 June 2021	17.4	68.6	(0.1)	(1.0)	77.1	(92.2)	69.8

At 30 June 2022, the accumulated losses include a deduction of £0.5 million (2021: £0.5m) for the cost of own shares held in relation to employee share schemes.

Notes to the consolidated financial information

1. Corporate information

McBride plc ('the Company') is a public company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Manchester M24 4DP. For the purposes of DTR 6.4.2R, the Home State of McBride plc is the United Kingdom.

The Company and its subsidiaries (together, 'the Group') is Europe's leading provider of private label and contract manufactured products for the domestic household and professional cleaning/hygiene markets. The Company develops and manufactures products for the majority of retailers and major brand owners throughout the UK, Europe and Asia.

2. Accounting policies

Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2022 and 30 June 2021, but is derived from those accounts. The financial information for 2021 is derived from the statutory accounts for 2021 which have been delivered to the registrar of companies. The statutory accounts for the year ended 30 June 2022 have been reported on by the company's auditor, PricewaterhouseCoopers LLP, and will be delivered to the Registrar of Companies in due course. The auditor's report on the financial statements for the years ended 30 June 2022 and 30 June 2021 include a material uncertainty in respect of Going Concern, which is not a modified opinion. The report did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information has been prepared on the going concern basis in accordance with UK-adopted International Financial Reporting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements have been prepared under the historical cost convention, modified in respect of financial assets and liabilities (derivative financial instruments) at fair value through profit or loss, assets held for sale and defined benefit pension plan assets. The financial information has been prepared applying accounting policies that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 June 2021.

The financial information does not constitute statutory accounts of the Group for the years ended 30 June 2022 and 2021 within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRS.

Going concern

The Group's base case forecasts are based on the Board-approved budget and three-year plan. They indicate sufficient liquidity throughout the going concern review period to ensure compliance with its minimum liquidity banking covenant. The Group's base case scenario assumes:

- revenue growth of c.5%, driven predominantly by the wrap-around effect of pricing already agreed with customers;
- raw material prices marginally reducing compared to the June 2022 levels, which in themselves were significantly higher than pre-Covid-19 pandemic levels;
- interest rates increasing by c.150 basis points; and
- Sterling: Euro exchange rate of £1:€1.185.

The Directors have considered a severe but plausible downside scenario including several downside assumptions to stress test the Group's financial forecasts:

- zero revenue growth from volumes, with revenue growing in 2023 just for pricing already agreed with customers;
- higher than forecast raw material and packaging input costs and additional inflationary pressures driven particularly by energy, distribution and labour, ultimately being recovered through pricing actions, but only after a lag;
- worsening trade working capital, caused by deterioration in both customer and supplier payment terms;
- interest rates increasing by a further 100 basis points; and
- Sterling appreciating significantly against the Euro to £1:€1.22.

In the event that such a severe but plausible downside risk scenario occurs, the Group would incur a covenant breach and a liquidity shortfall. In this downside risk scenario, the Group would therefore need to obtain a covenant waiver and increase its funding facilities compared to those that are currently committed, to ensure that the business can meet its obligations for the next eighteen months.

To mitigate against these risks, the Group is currently negotiating to further increase liquidity by £25 million by extending invoice discounting facilities to unencumbered receivables ledgers, however there is no certainty that these negotiations will be successful.

After reviewing the current liquidity position, financial forecasts, stress testing of potential risks and considering the uncertainties described above, and based on the currently committed funding facilities, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operational existence and without significant curtailment of operations for the foreseeable future. For these reasons the Directors continue to adopt the going concern basis of accounting in preparing the Group financial statements. However, the occurrence of multiple downside trading and liquidity risks represents a material uncertainty at 29 September 2022 that could cast significant doubt upon the Group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Viability statement
In accordance with the requirements of the UK Corporate Governance Code ('the Code'), the Directors have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board has determined that a three-year period to 30 June 2025 constitutes an appropriate period over which to provide its viability statement.

In assessing the Group's viability, the Directors have considered the current financial position of the Group and its principal risks and uncertainties. The analysis considers a severe but plausible downside scenario, incorporating the principal risks from a financial and operational perspective, with the resulting impact on key metrics, such as debt headroom and covenants. The downside risk scenario assumes sensitivity around exchange rates and interest rates, along with significant reductions in revenue, margins and cash flow over the three-year period. The Group's global footprint, product diversification and access to external financing all provide resilience against these factors and the other principal risks that the Group is exposed to.

After conducting their viability review, the Directors confirm that, subject to the material uncertainty noted in the basis of preparation in note 2 of the financial statements, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment to 30 June 2025.

Critical accounting judgements and key sources of estimation uncertainty
The preparation of the consolidated financial statements from which this preliminary announcement is derived, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities,

income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 30 June 2021.

Discontinued operations
During the 2019 financial year, the Group successfully completed the sale of the European Personal Care (PC) Liquids business. The financial results of this business have been treated as discontinued operations in the current and prior year financial statements. The remaining activities within the Group are referred to as continuing operations.

Alternative performance measures
The performance of the Group is assessed using a variety of adjusted measures that are not defined under IFRS and are therefore termed non-GAAP measures.

APM	Definition	Source
Adjusted operating (loss)/profit	Operating profit before amortisation of intangible assets and exceptional items	Group income statement
Adjusted EBITDA	Adjusted operating profit before depreciation	Group income statement
Adjusted (loss)/profit before tax	Adjusted profit before tax is based on adjusted operating profit less adjusted finance costs.	Group income statement
Adjusted (loss)/earnings per share	Adjusted earnings per share is based on the Group's profit for the year adjusted for the items excluded from operating profit in arriving at adjusted operating profit	Note 6 Group income statement
Free cash flow	Free cash flow is defined as cash generated from continuing operations before exceptional items.	Group cash flow statement
Cash conversion %	Cash conversion % is defined as free cash flow as a percentage of adjusted EBITDA.	Group income statement Group cash flow statement
Adjusted return on capital employed	Adjusted ROCE is defined as rolling 12 months total adjusted operating profit from continuing operations divided by the average of the past two years' capital employed. Capital employed is defined as the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables.	Group income statement Group balance sheet
Net debt	Net debt consists of cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.	Group balance sheet

The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.

Adjusted measures
Adjusted measures exclude specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and Executive Committee, and is used for internal performance analysis and in relation to employee incentive arrangements. The Directors present these measures in the financial statements in order to assist investors in their assessment of the trading performance of the Group. Directors do not regard these measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS.

During the years under review, the items excluded from operating (loss)/profit in arriving at adjusted operating (loss)/profit were the amortisation of intangible assets and exceptional items because they are not considered to be representative of the trading performance of the Group's businesses during the year.

See note 19 'Additional information' for further information on alternative performance measures.

3. Segment information

Background

Financial information is presented to the Board by product technology for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. There are five separately managed and accountable business divisions:

- Liquids
- Unit Dosing
- Powders
- Aerosols
- Asia Pacific

Intra-group revenue from the sale of products is agreed between the relevant customer-facing units and eliminated in the segmental presentation that is presented to the Board, and therefore excluded from the below figures. Programme Compass is delivering an increased focus on cost optimisation and has meant that most overhead costs are now directly attributed within the respective divisions' income statements. The only costs now allocated out to the divisions are central overheads, with corporate costs being retained at a Group level. Central overheads are allocated to a reportable segment proportionally using an appropriate cost driver. Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs and certain central functions (mostly associated with financial disciplines such as treasury), are reported separately. Exceptional items are detailed in note 4 and are not allocated to the reportable segments as this reflects how they are reported to the Board. Finance expense and income are not allocated to the reportable segments, as the central treasury function manages this activity, together with the overall net debt position of the Group.

The Board uses adjusted operating (loss)/profit to measure the profitability of the Group's businesses. Adjusted operating (loss)/profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating (loss)/profit represents operating (loss)/profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either period-on-period or with other businesses. During the years under review, the items excluded from operating (loss)/profit in arriving at adjusted operating (loss)/profit were the amortisation of intangible assets and exceptional items.

Year ended 30 June 2022	Liquids £m	Unit Dosing £m	Powders £m	Aerosols £m	Asia Pacific £m	Corporate £m	Group £m
Continuing operations							
Segment revenue	**383.9**	**171.5**	**68.6**	**31.9**	**22.4**	**—**	**678.3**
Adjusted operating (loss)/profit	**(15.9)**	**(0.8)**	**(2.5)**	**(1.5)**	**0.7**	**(4.5)**	**(24.5)**
Amortisation of intangible assets							**(2.6)**
Exceptional items (note 4)							**0.4**
Operating loss							**(26.7)**
Finance costs							**(8.6)**
Loss before taxation							**(35.3)**
Inventories	**57.5**	**35.5**	**13.7**	**9.1**	**3.1**	**—**	**118.9**
Capital expenditure	**5.7**	**6.5**	**1.0**	**0.6**	**0.3**	**—**	**14.1**
Amortisation and depreciation	**13.7**	**6.5**	**1.4**	**0.5**	**1.4**	**—**	**23.5**

Year ended 30 June 2021	Liquids £m	Unit Dosing £m	Powders £m	Aerosols £m	Asia Pacific £m	Corporate £m	Group £m
Continuing operations							
Segment revenue	376.1	181.5	66.3	34.0	24.4	—	682.3

Adjusted operating profit/(loss)	11.7	16.7	(2.3)	0.8	1.9	(4.7)	24.1
Amortisation of intangible assets							(2.4)
Exceptional items (note 4)							(6.2)
Operating profit							15.5
Finance costs							(4.2)
Profit before taxation							11.3
Inventories	45.0	24.6	12.4	8.4	2.5	—	92.9
Capital expenditure	12.4	5.7	0.7	0.5	2.3	3.0	24.6
Amortisation and depreciation	13.0	6.3	1.5	0.5	1.0	1.5	23.8

Geographical information

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	£m	£m	**£m**	£m
United Kingdom	**150.6**	143.6	**37.7**	41.7
Germany	**143.3**	141.5	**—**	—
France	**140.3**	137.7	**9.2**	9.1
Other Europe	**217.8**	227.9	**108.0**	109.9
Australia	**8.5**	12.0	**—**	—
Other Asia-Pacific	**14.7**	16.0	**6.3**	7.0
Rest of the World	**3.1**	3.6	**—**	—
Total	**678.3**	682.3	**161.2**	167.7

The geographical revenue information above is based on the location of the customer.

Non-current assets for this purpose consist of goodwill, other intangible assets, property, plant and equipment and right-of-use assets.

Revenue by major customer

In 2022 and 2021, no individual customer provided more than 10% of the Group’s revenue.

During 2022, the top ten customers accounted for 50% of total Group revenue (2021: 47%).

4. Exceptional items

Analysis of exceptional items

	2022	2021
	£m	£m
Continuing operations		
Reorganisation and restructuring costs:		
UK Aerosols closure	**0.1**	0.4
Factory footprint review	**(1.4)**	0.3
Review of strategy, organisation and operations	**(0.4)**	4.4
Logistics transformation programme	**0.7**	1.1
	(1.0)	6.2
Environmental remediation	**0.6**	—
Total (credited)/charged to operating (loss)/profit	**(0.4)**	6.2
Group refinancing:		
Independent business review	**3.5**	—
Total charged to finance costs	**3.5**	—
Total continuing operations	**3.1**	6.2
Discontinued operations		
Sale of PC Liquids business	**0.5**	0.7
Other	**(0.1)**	—
Discontinued operations before tax	**0.4**	0.7
Tax on discontinued operations	**(0.1)**	
Total discontinued operations	**0.3**	0.7
Total	**3.5**	6.9

Total exceptional items of £3.5 million were recorded during the year (2021: £6.9m). The charge primarily comprises the following:

Items relating to continuing operations
Total exceptional items incurred in relation to the continuing business of £3.1 million were recorded during the year (2021: £6.2m). The charges comprise the following:

- £0.1 million in respect of one-off legacy costs in relation to the former UK Aerosols site in Hull;
- £1.8 million profit on the sale of the Barrow site, which ceased operations in October 2020, offset by £0.4 million clearance and site closure costs;
- £0.4 million credit relating to Programme Compass, including £1.6 million profit on the sale of a factory in Malaysia, offset by £0.9 million impairment of fixed assets and £0.3 million in consulting support and other project expenses;
- £0.7 million relating to the Group's logistics transformation programme, including £0.8 million of consultancy costs and £0.2 million of redundancy costs, offset by £0.3 million profit on the sale of a warehouse in France;
- £0.6 million additional costs relating to the revaluation of the environmental remediation provision; and
- £3.5 million charged to finance costs in respect of the independent business review programme.

Items relating to discontinued operations
An exceptional charge of £0.5 million was incurred in respect of a provision for property repairs and onerous lease obligations relating to the closed St Helens site.

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2022	2021
	£m	£m
Cost of inventories (included in cost of sales)	**441.8**	397.4
Employee costs	**126.2**	128.9
Amortisation of intangible assets	**2.6**	2.4
Depreciation of property, plant and equipment	**16.9**	17.6
Depreciation of right-of-use assets	**4.0**	3.8
Impairment:		
Property, plant and equipment	**0.8**	0.3
Right-of-use assets	**—**	0.7
Inventories	**2.9**	2.9
Trade receivables	**2.0**	1.3
Expense relating to short-term leases	**0.3**	1.0
Expense relating to low-value leases	**0.2**	0.3
Research and development costs not capitalised	**6.8**	7.6
Net foreign exchange loss/(gain)	**0.3**	(0.4)

6. Finance costs

	2022	2021
	£m	£m
Finance costs		
Interest on bank loans and overdrafts	**2.7**	2.7
Interest on lease liabilities	**0.4**	0.3
Net foreign exchange loss/(gain)	**0.4**	(0.2)
Amortisation of facility fees	**0.5**	0.4
Non-utilisation and other fees	**0.6**	0.6
	4.6	3.8
Post-employment benefits:		
Net interest cost on defined benefit obligation	**0.5**	0.4
Adjusted finance costs	**5.1**	4.2
Costs associated with independent business review	**3.5**	—
Total finance costs	**8.6**	4.2

Interest rate swaps are used to manage the interest rate profile of the Group's borrowings. Accordingly, net interest payable or receivable on interest rate swaps is included in finance costs.

7. Taxation

Income tax expense/(credit):

	2022			2021		
	UK	**Overseas**	**Total**	UK	Overseas	Total
From continuing operations	**£m**	**£m**	**£m**	£m	£m	£m
Current tax expense/(credit)						
Current year	**—**	**3.2**	**3.2**	—	4.1	4.1
Adjustment for prior years	**(1.0)**	**(0.9)**	**(1.9)**	—	(2.6)	(2.6)
	(1.0)	**2.3**	**1.3**	—	1.5	1.5
Deferred tax (credit)/expense						
Origination and reversal of temporary differences	**(7.9)**	**(2.7)**	**(10.6)**	(5.0)	0.6	(4.4)
Adjustment for prior years	**(6.4)**	**5.4**	**(1.0)**	0.1	0.1	0.2
Impact of change in tax rate	**(1.0)**	**—**	**(1.0)**	—	—	—
	(15.3)	**2.7**	**(12.6)**	(4.9)	0.7	(4.2)
Income tax (credit)/expense	**(16.3)**	**5.0**	**(11.3)**	(4.9)	2.2	(2.7)

The current tax adjustment for the prior year includes £0.5 million (2021: £2.2m) credit for the release of a provision following settlement of a tax enquiry and £0.4 million (2021: £0.3m) credit relating to the release of provisions for uncertain tax treatments due to the expiry of statutes of limitation.

Reconciliation to UK statutory tax rate

The total tax charge on the Group's (loss)/profit before tax for the year differs from the theoretical amount that would be charged at the UK standard rate of corporation tax for the following reasons:

	2022	2021
From continuing operations	**£m**	£m
(Loss)/profit before tax	**(35.3)**	11.3
(Loss)/profit before tax multiplied by the UK corporation tax rate of 19.0% (2021: 19.0%)	**(6.7)**	2.1
Effect of tax rates in foreign jurisdictions	**(1.7)**	1.0
Non-deductible expenses	**0.6**	1.4
Tax incentives/non-taxable income	**(0.4)**	(0.1)
Tax losses and other temporary differences for which no deferred tax recognised	**0.6**	(3.8)
Change in tax rate	**(1.0)**	(1.4)
Other differences	**0.2**	0.5
Adjustment for prior years	**(2.9)**	(2.4)
Total tax credit in profit or loss	**(11.3)**	(2.7)
Exclude adjusting items	**2.0**	1.6
Total tax credit in profit or loss before adjusting items	**(9.3)**	(1.1)

Taxation is provided at current rates on the profits earned for the year.

8. (Loss)/earnings per ordinary share

Basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 629,200 shares (2021: 372,864 shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	**2022**	2021
Weighted average number of ordinary shares in issue (million)	a	**173.5**	179.1
Effect of dilutive LTIP and RSU awards (million)		**1.0**	0.3
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**174.5**	179.4

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares. Where potentially dilutive ordinary shares would cause an increase in earnings per share, or a decrease in loss per share, the diluted (loss)/earnings per share is considered equal to the basic (loss)/earnings per share.

During the year, the Company had equity-settled LTIP and RSU awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted (loss)/earnings per share measures are calculated based on (loss)/profit for the year attributable to owners of the Company before adjusting items as follows:

From continuing operations	Reference	**2022 £m**	2021 £m
(Loss)/earnings for calculating basic and diluted (loss)/earnings per share	c	**(24.0)**	14.0
Adjusted for:			
Amortisation of intangible assets		**2.6**	2.4
Exceptional items (note 4)		**3.1**	6.2
Taxation relating to the above items		**(2.0)**	(1.6)
(Loss)/earnings for calculating adjusted (loss)/earnings per share	d	**(20.3)**	21.0

	Reference	**2022 pence**	2021 pence
Basic (loss)/earnings per share	c/a	**(13.8)**	7.8
Diluted (loss)/earnings per share	c/b(1)	**(13.8)**	7.8
Adjusted basic (loss)/earnings per share	d/a	**(11.7)**	11.7
Adjusted diluted (loss)/earnings per share	d/b(1)	**(11.7)**	11.7

[1]Diluted loss per share for 2022 is considered equal to the basic loss per share as potentially dilutive ordinary shares cause a decrease in the loss per share.

From discontinued operations	Reference	**2022 £m**	2021 £m
Loss for calculating basic and diluted earnings per share	e	**(0.3)**	(0.6)
Adjusted for:			
Exceptional items (note 4)		**0.4**	0.7
Taxation relating to the above items		**(0.1)**	(0.1)
Loss for calculating adjusted earnings per share	f	**—**	—

	Reference	**2022 pence**	2021 pence
Basic loss per share	e/a	**(0.2)**	(0.3)
Diluted loss per share	e/b(1)	**(0.2)**	(0.3)
Adjusted basic loss per share	f/a	**—**	—
Adjusted diluted loss per share	f/b(1)	**—**	—

Total attributable to ordinary shareholders	Reference	**2022 £m**	2021 £m
(Loss)/earnings for calculating basic and diluted (loss)/earnings per share	g	**(24.3)**	13.4
Adjusted for:			
Amortisation of intangible assets		**2.6**	2.4
Exceptional items (note 4)		**3.5**	6.9
Taxation relating to the above items		**(2.1)**	(1.7)
(Loss)/earnings for calculating adjusted (loss)/earnings per share	h	**(20.3)**	21.0

	Reference	**2022 pence**	2021 pence
Basic (loss)/earnings per share	g/a	**(14.0)**	7.5
Diluted (loss)/earnings per share	g/b(1)	**(14.0)**	7.5
Adjusted basic (loss)/earnings per share	h/a	**(11.7)**	11.7
Adjusted diluted (loss)/earnings per share	h/b(1)	**(11.7)**	11.7

9. Payments to shareholders

As part of the Group's strategy reset, it is targeting an accounting basis net debt/adjusted EBITDA ratio of 2.0x or less. Our new distribution approach will link distribution to this debt cover measure. It is the Board’s intention that any future dividends will be final dividends paid annually in cash, not by the allotment and issue of B Shares. Consequently, the Board is not seeking shareholder approval at the 2022 AGM to capitalise reserves for the purposes of issuing B Shares or to grant Directors authority to allot such shares.

No payments to ordinary shareholders were made or proposed in respect of this year or the prior year.

As the net debt/adjusted EBITDA ratio at 31 December 2021 was over 2.0x, an interim payment to shareholders was not made. At 30 June 2022, the ratio was also over 2.0x and in line with its revised Distribution Policy, the Board is not recommending a final dividend in 2022.

Holders of B Shares are permitted to keep their B Shares or redeem all (or part of) them for cash. Details of the B Share scheme can be found in the Notice and Circular for General Meeting held on 24 March 2011 and in the booklet entitled "Your Guide to B Shares", both of which can be accessed through the 'Shareholder Help' tab of the 'Investors' section of the Company's website at www.mcbride.co.uk.

The period during which holders of B shares may elect to redeem their B shares will be the period commencing on Thursday 29 September 2022 and ending at 1pm on Friday 11 November 2022 ("the Redemption Period").

Certificated shareholders will need to complete the form on the reverse of their B Share certificate and return it to the Company's Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. Provided the completed certificate is received within the Redemption Period, the shares will be redeemed at 0.1 pence per share on Friday 25 November 2022 ("the Redemption Date"). CREST participants who wish to redeem will be required to send the appropriate message through the CREST system within the Redemption Period.

The Company shall redeem any B shares in respect of which acceptances have been received during the Redemption Period from holders of B shares, on the Redemption Date. The Company will not redeem any B shares in respect of which acceptances are received at any time after the Redemption Period. A redemption notice once lodged may not be withdrawn without the written consent of the Company.

Movements in the B Shares were as follows:

	Number 000	Nominal value £'000
At 1 July 2020	713,130	713
Issued	2,010,780	2,011
Redeemed	(1,976,511)	(1,977)
At 30 June 2021	747,399	747
Issued	**—**	**—**
Redeemed	**(81,511)**	**(81)**
At 30 June 2022	**665,888**	**666**

10. Intangible assets, property, plant and equipment and right-of-use assets

	Goodwill and other intangible assets £m	Property, plant and equipment £m	Right-of-use assets £m
Net book value at 1 July 2021	27.9	129.8	10.0
Currency translation differences	—	(0.2)	0.2
Additions	1.7	12.4	5.1
Impairment	—	(0.8)	—
Disposal of assets	—	(1.4)	—
Transfers to non-current assets held for sale	—	—	—
Depreciation charge	—	(16.9)	(4.0)
Amortisation charge	(2.6)	—	—
Net book value at 30 June 2022	**27.0**	**122.9**	**11.3**

Included within goodwill and other intangible assets is goodwill of £19.7 million (2021: £19.7m), computer software of £5.3 million (2021: £6.2m), brands of £nil (2021: £0.3m) and customer relationships of £1.1 million (2021: £1.6m).

Capital commitments as at 30 June 2022 amounted to £4.0 million (2021: £1.8m). At 30 June 2022 the Group was committed to future minimum lease payments of £1.5 million (2021: £3.0m) in respect of leases which have not yet commenced and for which no lease liability has been recognised.

11. Financial risk management

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

There have been no material changes in the risk management policies in either the 30 June 2022 or 30 June 2021 financial years.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

	As at 30 June 2022 £m	As at 30 June 2021 £m
Assets		
Level 2:		
Derivative financial instruments		
Forward currency contracts	**0.4**	0.1
Interest rate swaps	**2.1**	0.1
Contracts for Difference (High-density polyethylene (HDPE))	**—**	0.1
Total financial assets	**2.5**	0.3
Liabilities		
Level 2:		
Derivative financial instruments		
Forward currency contracts	**—**	(0.2)
Interest rate swaps	**—**	(0.1)
Total financial liabilities	**—**	(0.3)

Derivative financial instruments

Derivative financial instruments comprise the foreign currency derivatives, non-deliverable commodity derivatives and interest rate derivatives that are held by the Group in designated hedging relationships. Foreign currency forward contracts are measured by reference to prevailing forward exchange rates. Commodity forward contracts are measured by difference to prevailing market prices. Foreign currency options are measured using a variant of the Monte Carlo valuation model. Interest rate swaps and caps are measured by discounting the related cash flows using yield curves derived from prevailing market interest rates.

Valuation levels and techniques

There were no transfers between levels during the period and no changes in valuation techniques.

Financial assets and liabilities measured at amortised cost

The fair value of borrowings (including overdrafts and lease liabilities) are as follows:

	As at	As at

	30 June 2022 £m	30 June 2021 £m
Current	**64.4**	57.1
Non-current	**104.5**	86.2
Total borrowings	**168.9**	143.3

The fair value of the following financial assets and liabilities approximate to their carrying amount:

- trade and other receivables;
- other current financial assets;
- cash and cash equivalents; and
- trade and other payables.

12. Net debt

Movements in net debt were as follows:

	At 1 July 2021 £m	IFRS 16 non-cash movements[1] £m	Cash flows £m	Currency translation differences £m	At 30 June 2022 £m
Cash and cash equivalents	24.9	—	(20.3)	(0.1)	**4.5**
Overdrafts	(5.9)	—	(0.7)	(0.2)	**(6.8)**
Bank and other loans	(126.1)	—	(24.0)	—	**(150.1)**
Lease liabilities	(11.3)	(5.5)	5.0	(0.2)	**(12.0)**
Net debt	(118.4)	(5.5)	(40.0)	(0.5)	**(164.4)**

[1]IFRS 16 non-cash movements includes additions (£5.1m), disposals (£nil) and interest charged (£0.4m).

13. Pensions and post-employment benefits

The Group provides a number of post-employment benefit arrangements. In the UK, the Group operates a closed defined benefit pension scheme and a defined contribution pension scheme. Elsewhere in Europe, the Group has a number of smaller post-employment benefit arrangements that are structured to accord with local conditions and practices in the countries concerned.

The net value of the pension deficit for the UK scheme increased in the year from £29.3 million at the end of the previous year to £14.4 million. The deficit decreased significantly during the year primarily due to an increase in corporate bond yields.

At 30 June 2022, the Group's post-employment benefit obligations outside the UK amounted to £1.7 million (2021: £2.6m).

Defined benefit schemes had the following effect on the Group's results and financial position:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Profit or loss		
Service cost and administration expenses	**(1.0)**	(0.9)
Charge to operating (loss)/profit	**(1.0)**	(0.9)
Net interest cost on defined benefit obligation	**(0.5)**	(0.4)
Charge to profit or loss before taxation	**(1.5)**	(1.3)
Other comprehensive expense		
Net actuarial gain/(loss)	**12.4**	(4.2)
Other comprehensive expense	**12.4**	(4.2)

	As at 30 June 2022	As at 30 June 2021

	£m	£m
Balance sheet		
Defined benefit obligations:		
UK – funded	**(116.6)**	(161.9)
Other – unfunded	**(12.0)**	(2.6)
	(128.6)	(164.5)
Fair value of scheme assets		
UK – funded	**102.2**	132.6
Other – unfunded	**10.3**	—
Deficit on the schemes	**(16.1)**	(31.9)

For accounting purposes, the UK scheme's benefit obligation as at 30 June 2022 has been calculated based on data gathered for the 2021 triennial actuarial valuation and by applying assumptions made by the Group on the advice of an independent actuary in accordance with IAS 19 'Employee Benefits'.

14. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Independent business review £m	Other £m	Total £m
At 1 July 2020	5.6	1.1	2.9	—	0.3	9.9
Charged to profit or loss	3.3	0.4	—	—	0.1	3.8
Currency translation differences	(0.1)	—	(0.1)	—	—	(0.2)
Utilisation	(6.7)	—	(0.4)	—	—	(7.1)
At 30 June 2021	2.1	1.5	2.4	—	0.4	6.4
Charged to profit or loss	**0.4**	**—**	**0.6**	**1.7**	**0.6**	**3.3**
Utilisation	**(1.7)**	**—**	**(0.3)**	**—**	**(0.5)**	**(2.5)**
At 30 June 2022	**0.8**	**1.5**	**2.7**	**1.7**	**0.5**	**7.2**

Analysis of provisions:

	2022 £m	2021 £m
Current	**3.4**	2.7
Non-current	**3.8**	3.7
Total	**7.2**	6.4

Reorganisation costs in the year of £0.4 million comprises £0.5 million of costs associated with the Group's logistics transformation programme and £0.1 million reversal of costs relating to Programme Compass. The closing provision for reorganisation and restructuring relates to the Group's logistics transformation programme only. The provision is expected to be fully utilised within twelve months of the balance sheet date.

Leasehold dilapidations provision relates to costs expected to be incurred to restore leased properties to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to undertake restoration works. Amounts will be utilised as the respective leases end and restoration works are carried out, within a period of approximately two years.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium. The additional costs in the year of £0.6 million result from a revaluation of the cost of environmental remediation. The closing provision is expected to be utilised as the land is restored within a period of approximately eight years.

During the year, an independent business review (IBR) was initiated to support discussions with banking partners regarding revisions to financing arrangements and banking covenants. A closing provision of £1.7 million has been recognised in relation to consultancy costs directly associated with the IBR. The provision is expected to be utilised within twelve months of the balance sheet date.

Other provisions of £0.5 million relate to costs concerning the sale of the PC Liquids business, property repairs and onerous lease obligations. The liability is expected to be settled within twelve months of the balance sheet date.

The amount and timing of all cash flows related to the provisions are reasonably certain.

15. Exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into sterling were as follows:

	Average rate		Closing rate	
	2022	2021	**2022**	2021
Euro	**1.18**	1.13	**1.17**	1.17
US Dollar	**1.33**	1.35	**1.21**	1.39
Danish Krone	**8.78**	8.40	**8.67**	8.67
Polish Zloty	**5.45**	5.09	**5.47**	5.27
Czech Koruna	**29.57**	29.59	**28.83**	29.70
Hungarian Forint	**433.28**	403.41	**462.64**	409.86
Malaysian Ringgit	**5.63**	5.55	**5.33**	5.75
Australian Dollar	**1.83**	1.80	**1.76**	1.85

16. Share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 30 June 2021	174,242,702	17.4
Shares bought back on-market and cancelled	(185,374)	—
At 30 June 2022	**174,057,328**	**17.4**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

McBride plc announced on 2 November 2020 that it would commence a share buy-back programme of up to £12 million in McBride plc ordinary shares, running from 2 November 2020 through to the date of the Company's next AGM. The maximum number of shares that could have been repurchased by the Company under the programme was 18.3 million. The purpose of the share buy-back programme was to reduce the share capital of the Company (cancelling any shares repurchased for this purpose). The Board believed that it was in the interests of all shareholders to commence this programme based on the Board's assessment that McBride plc's share price at that time did not reflect the value of the underlying business, which has resilient revenue, a strong balance sheet and highly visible cash flows.

In the year to 30 June 2022, the Group purchased and cancelled 185,374 (2021: 8,597,599) ordinary shares, representing 0.1% (2021: 4.7%) of the issued ordinary share capital as at 2 November 2020. The shares were acquired at an average price of 77.0 pence (2021: 79.3p) per share, with prices ranging from 73.3 pence per share to 78.6 pence per share (2021: 61.0p per share to 90.0p per share). The total cost of £0.1 million (2021: £6.8m) was deducted from equity as the purchase of own shares. A transfer of £nil (2021: £0.9m) was made from share capital to the capital redemption reserve. As previously announced, the Board ended the share buy-back programme during the year.

17. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below.

Post-employment benefit plans

Contributions amounting to £6.2 million (2021: £6.3m) were payable by the Group to pension schemes established for the benefit of its employees. At 30 June 2022, £0.5 million (2021: £0.4m) in respect of contributions due was included in other payables.

Compensation of key management personnel

For the purposes of these disclosures, the Group regards its key management personnel as the Directors and certain members of the senior executive team.

Compensation payable to key management personnel in respect of their services to the Group was as follows:

	2022	2021
	£m	£m
Short-term employee benefits	**2.2**	2.4
Post-employment benefits	**0.1**	0.1
Share-based payments	**—**	0.2
Total	**2.3**	2.7

18. Key performance indicators (KPIs)

Management uses a number of KPIs to measure the Group's performance and progress against its strategic objectives. The most important of these are noted and defined below:

Financial:

- Continuing revenue: Revenue from contracts with customers from the sale of goods is measured at the invoiced amount, net of sales rebates, discounts, value added tax and other sales taxes.
- Cost savings: Cost savings achieved from the implementation of the Compass strategy.
- Adjusted EBITDA margin advances: The calculation of Adjusted EBITDA, which when divided by revenue gives this EBITDA margin, is defined in the Adjusted measures section of Note 2 to the 2021 Accounts.
- Free cash flow increase: Free cash flow is defined as cash generated from continuing operations before exceptional items.
- Adjusted ROCE improvement: Total adjusted operating (loss)/profit from continuing operations divided by the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables.

Non-financial:

- Health and safety: The number of lost time Injuries x 100,000 divided by total number of man-hours worked.
- Customer service level: The volume of products delivered in the correct volumes and within requested timescales, as a percentage of total volumes ordered by customers.
- Gender split - female: The proportion of our workforce that is female.
- Customer quality: A customer satisfaction index which combines critical issues, audit results, returns and complaints.
- Research & development expenditure: Total research and development expenditure as a percentage of Group revenue.

19. Additional information

Alternative performance measures

The performance of the Group is assessed using a variety of adjusted measures that are not defined under IFRS and are therefore termed non-GAAP measures. A reconciliation for each non-GAAP measure to the most directly comparable IFRS measure, is set out below.

Adjusted operating (loss)/profit and adjusted EBITDA

Adjusted EBITDA means adjusted operating (loss)/profit before depreciation. A reconciliation between adjusted operating (loss)/profit, adjusted EBITDA and the Group's reported statutory operating (loss)/profit is shown below:

	2022	2021
	£m	£m
Operating (loss)/profit	**(27.1)**	14.8
Add back: operating loss from discontinued operations	**0.4**	0.7
Operating (loss)/profit from continuing operations	**(26.7)**	15.5
Exceptional items (note 4)	**(0.4)**	6.2
Amortisation of intangibles	**2.6**	2.4
Adjusted operating (loss)/profit from continuing operations	**(24.5)**	24.1
Depreciation of property, plant and equipment	**16.9**	17.6
Depreciation of right-of-use assets	**4.0**	3.8
Adjusted EBITDA	**(3.6)**	45.5

Adjusted (loss)/profit before tax

Adjusted (loss)/profit before tax is based on adjusted operating (loss)/profit less adjusted finance costs. The table below reconciles adjusted (loss)/profit before tax to the Group's reported (loss)/profit before tax.

	2022	2021
	£m	£m
(Loss)/profit before tax	(35.7)	10.6
Add back: loss before tax from discontinued operations	0.4	0.7
(Loss)/profit before tax from continuing operations	(35.3)	11.3
Exceptional items (note 4)	3.1	6.2
Amortisation of intangibles	2.6	2.4
Adjusted (loss)/profit before tax from continuing operations	(29.6)	19.9

Adjusted (loss)/earnings per share

Adjusted (loss)/earnings per share is based on the Group's (loss)/profit for the year adjusted for the items excluded from operating (loss)/profit in arriving at adjusted operating (loss)/profit, and the tax relating to those items.

Free cash flow and cash conversion %

Free cash flow is one of the Group's key performance indicators by which our financial performance is measured. It is primarily a liquidity measure. However, we also believe that free cash flow and cash conversion % are important indicators of our overall operational performance as they reflect the cash we generate from operations. Free cash flow is defined as cash generated from continuing operations before exceptional items. Cash conversion % is defined as free cash flow as a percentage of adjusted EBITDA. A reconciliation from net cash generated from operating activities, the most directly comparable IFRS measure, to free cash flow, is set out as follows:

	2022	2021
	£m	£m
Net cash (used in)/generated from operating activities	**(30.2)**	14.6
Add back:		
Taxation paid	**0.1**	7.3
Interest paid	**3.3**	3.2
Cash outflow from exceptional items	**4.1**	8.0
Free cash flow	**(22.7)**	33.1
Adjusted EBITDA	**(3.6)**	45.5
Cash conversion %	**n/a**	73%

Adjusted return on capital employed (ROCE)

Adjusted ROCE serves as an indicator of how efficiently we generate returns from the capital invested in the business. It is a Group KPI that is directly relatable to the outcome of investment decisions. Adjusted ROCE is defined as total adjusted operating (loss)/profit from continuing operations divided by the average year-end capital employed. Capital employed is defined as the total of goodwill and other intangible assets, property, plant and equipment, right-of-use assets, inventories, trade and other receivables less trade and other payables. There is no equivalent statutory measure within IFRS. Adjusted return on capital employed is calculated as follows:

	2022 £m	2021 £m	2020 £m
Goodwill (note 10)	**19.7**	19.7	19.9
Other intangible assets (note 10)	**7.3**	8.2	8.5
Property, plant and equipment (note 10)	**122.9**	129.8	134.7
Right-of-use assets (note 10)	**11.3**	10.0	7.3
Inventories	**118.9**	92.9	97.5
Trade and other receivables	**145.4**	117.9	138.3
Trade and other payables	**(206.9)**	(169.2)	(198.1)
Capital employed	**218.6**	209.3	208.1
Average year-end capital employed	**214.0**	208.7	221.1
Adjusted operating (loss)/profit from continuing operations	**(24.5)**	24.1	28.3
Adjusted return on capital employed %	**(11.4)%**	11.5%	12.8%

Net debt

Net debt consists of cash and cash equivalents, overdrafts, bank and other loans and lease liabilities.

Net debt is a measure of the Group's net indebtedness that provides an indicator of overall balance sheet strength. It is a key indicator used by management to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure.

Net debt is considered to be an alternative performance measure as it is not defined in IFRS. A reconciliation from loans and other borrowings, lease liabilities and cash and cash equivalents, the most directly comparable IFRS measures to net debt is set out below:

	2022 £m	2021 £m
Current assets		
Cash and cash equivalents	**4.5**	24.9
Current liabilities		
Borrowings (note 11)	**(60.5)**	(53.7)
Lease liabilities	**(3.9)**	(3.4)
	(64.4)	(57.1)
Non-current liabilities		
Borrowings (note 11)	**(96.4)**	(78.3)
Lease liabilities	**(8.1)**	(7.9)
	(104.5)	(86.2)
Net debt	**(164.4)**	(118.4)

Annual General Meeting

The Annual General Meeting will be held on 16 November 2022.

Report and Accounts

Copies of the Annual Report and financial statements will be circulated to shareholders in October and can be viewed after the posting date on the McBride plc website.

Note: This report contains inside information which is disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016.