Confidential

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

Strong performance recovery through 2023
Improving momentum from private label demand surge

19 September 2023

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 2023.

Improved profitability and a return to volume growth

- Strong business performance recovery; revenue growth and improved profitability in all five divisions
- Further improvement with customer partnering; supporting big step up in private label demand, further innovation options and improved delivery performance
- Volume growth of +5.6%, significantly ahead of the market, with private label increasing +7.0%. Second half volumes up 9.6%, all from private label. Final quarter volume up 12.7%.
- Inflationary pressures shifting from raw materials to labour, transport, energy and general supplies, with additional impact from interest rate rises
- Healthy progress in key strategic focus areas; volumes in Germany +9.8% for private label, with European Laundry +6.5% – both significantly ahead of market growth
- Continued progress on margin de-risking, with three-month sales pricing in place
- All Transformation programmes underway, targeting £50m of benefits over five years
- Established targets for Scope 1 and 2 emissions; targeting a 55% reduction by 2033, with Scope 3 targets to be finalised by end 2023

Financial highlights

- Group revenue of £889.0m (2022: £678.3m), up 31.1% (28.4% at constant currency[(1)])
- Adjusted operating profit[(2)] of £13.5m (2022: loss of £24.5m)
- Operating profit from continuing operations of £10.3m (2022: loss of £26.7m)
- Second half profitability underpinned by surge in private label demand, stabilisation of raw material prices and new contract wins
- Adjusted profit before tax[(2)] of £0.3m (2022: loss of £29.6m)
- Loss before tax from continuing operations of £15.1m (2022: loss of £35.3m)
- Net debt[(2)] at £166.5m (30 June 2022: £164.4m), with liquidity solid at £59.3m (30 June 2022: £70.6m)

Confident outlook underpinned by business momentum

- Encouraging start to new financial year
- Growing shift towards private label products, across all markets, evident in demand levels
- Well-positioned to manage in a volatile macro environment
- Maintaining focus on reducing debt with tight control on costs, margins and operating capital
- Confirmed Group financing, improved financial performance and positive three-year outlook, will enable further liquidity and cash flow improvements

Chris Smith, Chief Executive Officer, commented:

“The decisive actions taken in the last financial year helped set the foundations for the strong recovery achieved across the business. In combination with the hard work and dedication of our teams, McBride has delivered an impressive return to profitability and volume growth in an

environment that continues to be volatile. Inflation will remain a challenge for the business into the new year, one which we believe we are better positioned to manage, driven in part by our shift to three-monthly pricing.

The second half of the year saw encouraging momentum across the Group, underpinned by a number of new contract wins and the growing consumer shift towards private label products as cost-of-living pressures continue to impact buying behaviour. Importantly, we have continued to make good strategic progress across all divisions, with our Transformation programmes moving at pace. Overall, while the current macro environment continues to present challenges, McBride is well-positioned to deliver sustainable and profitable long-term growth."

£m unless otherwise stated	**Year to 30 Jun 2023**	Year to 30 Jun 2022	Reported change	Constant currency change(1)
Continuing operations				
Group revenue	**889.0**	678.3	31.1%	28.4%
Adjusted operating profit/(loss)	**13.5**	(24.5)	38.0	38.4
Operating profit/(loss)	**10.3**	(26.7)	37.0	
Adjusted profit/(loss) before taxation	**0.3**	(29.6)	29.9	30.2
Loss before taxation	**(15.1)**	(35.3)	20.2	
Adjusted diluted loss per share(3)	**0.0p**	(11.7)p	11.7p	
Diluted loss per share	**(6.6)p**	(13.8)p	7.2p	
Net debt	**166.5**	164.4	2.1	
Adjusted return on capital employed(2)	**6.4%**	(11.4)%	17.8ppt	

[1] *Comparatives translated at financial year 2023 exchange rates.*

[2] *Refer to note 19 for definition.*

[3] *See note 8.*

A results presentation will be available on the McBride plc investor relations website from 9.20am today.

McBride plc 0161 203 7401
Chris Smith, Chief Executive Officer
Mark Strickland, Chief Financial Officer

Instinctif Partners 0207 457 2020
Tim McCall
Guy Scarborough

Overall business performance

McBride entered the financial year to 30 June 2023 in a significantly stronger position than the previous year, when a volatile macroeconomic backdrop led the Group and the industry to experience unprecedented margin pressures. The decisive actions we implemented through the second half of calendar year 2021 and into 2022, to enable the business to weather these challenges, have provided the foundations for a much-improved performance and, encouragingly, a return to strong volume growth. Whilst the extreme input cost inflationary period is behind us, many of the themes highlighted in last year's Annual Report remained significant and continued to be factors that our teams have had to contend with throughout the year. As a result, McBride has had to be agile and innovative in its approach; skills that stand us in good stead for the future.

The first six months of the year were characterised by a focus on margin and service recovery as the dual effects of pricing and input materials inflation from the preceding twelve months cycled through the business, with sales volumes relatively flat and the business break-even at the trading profit level. However, the second half saw a pleasing return to volume growth and stronger profitability levels, driven by the stabilisation of materials prices, combined with McBride delivering new contract wins and a strong volume pull as there was a growing consumer shift towards private label products across all markets.

At a Group level, revenue was up 31.1% to £889.0 million (2022: £678.3m) with £159.6 million a result of the wrap-around effect of selling prices increases and £32.1 million from higher volumes. Operating profit from continuing operations improved significantly on the prior year, increasing to £10.3 million (2022: loss of £26.7m). Adjusted operating profit increased to £13.5 million (2022: adjusted operating loss of £24.5m), with adjusted operating profit in the second half of £14.8 million compared to a first half adjusted loss of £1.3 million.

Heading into the financial year ending 30 June 2023, one of our top priorities was keeping a tight hold on costs and working capital and maintaining strong capital expenditure control. The focus across all teams on debt management has resulted in no significant deterioration in our debt levels. Liquidity remains strong despite higher activity levels at the end of the year. Debt reduction will remain an important area of focus into the new financial year.

In the face of such clear and profound pressures, this set of results represents an excellent performance and is testament to the hard work of our teams, our commitment to customer service and the steps we have taken to strengthen the business and position it for long-term growth.

Inflationary environment

As expected, inflation remained a major challenge throughout the year, with the impact increasingly being from labour and energy costs, with chemicals and packaging costs more benign. Energy cost inflation remains an unpredictable factor, however, McBride's own energy costs are fully hedged, with the principal risk to McBride being the indirect impact of energy in its core raw material supplies.

While inflation presented significant challenges, it led to an important opportunity to consider how our pricing approach to customers is best managed. The Group has persisted this past year with the principle of not committing pricing to customers beyond three months. With the ongoing potential for significant volatility in input costs, this principle has enabled divisions to respond more effectively and quickly to shifts in the macroeconomic environment. Through our data led approach, our teams can now clearly demonstrate the dynamics behind the decision making, allowing teams to engage with customers and move pricing in a collaborative, flexible manner.

Volume growth

Alongside margin recovery through price increases and value engineering, the volume growth across the Group in the second half of the year helped to deliver our return to profit. Importantly, while the total market for private label and branded products is estimated to have fallen by 5.5% in volume terms, McBride delivered a 5.6% increase in total volumes, with private label volumes 7.0% higher. A further acceleration in the latter part of the second half of the financial year saw final quarter volume growth of 12.7%.

The overall market in Europe saw further gains for private label with volume share up 2.5% to 33.1%, fuelled by clear switching by consumers and retailers in light of cost-of-living challenges. At a category level, dishwash saw the biggest growth in volumes, up 5.0%, with laundry up 2.0% and cleaners flat. McBride saw volume growth significantly ahead of the market across the three categories, with dishwash volumes standing out at 13.0% higher in the year. This performance ahead of market is a result of a combination of factors: the increasing focus and specialism embedded in the divisional teams together with the Group wide focus on customer service excellence and product quality leading to more contract wins from customer confidence in McBride as their trusted and preferred supplier.

Strategic progress

While the volatile macroeconomic environment forced the business to focus on the short term in the years following the 2021 strategy reset, the Board is confident that our Compass strategy remains as relevant and compelling as it did when it was first announced. The business has made significant progress in the year to 30 June 2023, putting in place many of the processes and plans that will set us on the path to long-term, sustainable growth.

The Board and senior leadership teams have continued to undertake a thorough review of Group and divisional strategies each year, and we maintain our commitment to delivering on our plans. To that effect, we have continued to see strong growth in two key areas of strategic focus with private label volumes in our key German market up 9.8%, and in our key laundry category volumes grew 6.5%, significantly ahead of the total market growth level.

Importantly, we are committed to delivering all programmes set out in our Transformation agenda. We have made a substantial investment, including creating a standalone team to ensure each programme is adequately resourced and we continue to target £50 million of benefits over five years. In particular, the progression of our SAP programme, in combination with the Commercial Excellence and Service Excellence programmes, will be key factors in differentiating McBride in the market, improving business momentum and generating shareholder value.

Sustainability

McBride remains committed to playing its part in the path to Net Zero and acting in a responsible manner across its operations. In 2023, we established our targets for our Scope 1 and 2 emissions, whereby we will reduce these emissions by 55% by 2033. We expect to finalise our Scope 3 targets by the end of December 2023.

We also launched a range of ESG innovations, both in pursuit of our Net Zero agenda and to help our customers and consumers with their environmental ambitions. Initiatives include the launch of Elopak (liquids in cardboard cartons), laundry capsules in child-safe cardboard cartons, concentrated formats for laundry powder and certain liquid cleaners and the introduction of a cardboard cap for our aerosol products.

Current trading and outlook

The first two months of the new financial year have seen the momentum of last year's second half continue. However, our teams remain vigilant to safeguard the business from short-term challenges arising from a still volatile macro environment and we will continue to focus on reducing debt and maintaining tight control of costs.

We enter the 2024 financial year with improving confidence about the future. Our performance improvement momentum, the work done to pursue our Compass strategies, the gathering pace of our Transformation agenda and our leadership positions across many of our markets and categories, mean McBride is well placed to deliver sustainable, profitable growth over the longer term.

Divisional portfolio performance

All divisions reported bottom line improvement with Liquids, Unit Dosing and Aerosols returning to profitability. While Powders reported an overall loss for the year, due to cost increases in key raw materials in the first half, the division recovered well and returned to profitability in the final quarter. This represents an excellent performance for the Group and highlights both the underlying strength of the business, its teams and the significant opportunity for growth.

Corporate costs were £7.7 million (2022: £4.5m), driven by inflationary impacts and higher bonus provisions.

Revenue	**Year to 30 June 2023 £m**	Year to 30 June 2022 £m	Reported change %	Constant currency change %
Liquids	**497.9**	383.9	29.7%	27.3%
Unit Dosing	**234.2**	171.5	36.6%	33.9%
Powders	**85.9**	68.6	25.2%	22.7%
Aerosols	**46.2**	31.9	44.8%	40.8%
Asia Pacific	**24.8**	22.4	10.7%	6.9%
Group	**889.0**	678.3	31.1%	28.4%

Adjusted operating profit/(loss)	**Year to 30 June 2023 £m**	Year to 30 June 2022 £m	Reported change £m	Constant currency change £m
Liquids	**10.5**	(15.9)	26.4	26.8
Unit Dosing	**10.0**	(0.8)	10.8	10.9
Powders	**(0.7)**	(2.5)	1.8	1.4
Aerosols	**0.3**	(1.5)	1.8	1.9
Asia Pacific	**1.1**	0.7	0.4	0.4
Corporate	**(7.7)**	(4.5)	(3.2)	(3.0)
Group	**13.5**	(24.5)	38.0	38.4

Liquids performance review

Liquids revenue grew by 27.3% on a constant currency basis, £391.2 million to £497.9 million, driven by volume growth of 5.0% and selling price increases in response to continued inflationary pressures.

Private label sales volumes increased by 6.0%. This private label performance compared favourably with the overall volumes seen in the five key private label markets in Europe, which grew by 2.8%. Market outperformance was driven by new contract wins and improving customer service.

In the fourth quarter, there was increased demand for private label products, particularly in France, in response to pressures on disposable incomes. This resulted in consumers switching from branded products to private label items. Until the fourth quarter, this had been more than offset by the overall decline in consumer demand. Conversely, volumes sold to contract manufacturing customers were down 16.6% as branded product lines were hit by the market shift to private label.

Volumes of private label dishwash products grew by 12.9%, driven by a contract win in the UK and the division outperforming the five largest private label markets in Europe, which grew by 7.6%.

Volumes of private label laundry products grew by 6.2%, with key contract wins in Spain and Germany, again significantly outperforming the key markets in Europe. Volumes of private label cleaner products increased by 1.8%, which represented a positive performance compared to growth in the market as a whole, which was flat year on year.

The division delivered an adjusted operating profit of £10.5 million, which was £26.8 million higher than the prior year on a constant currency basis.

Service levels improved throughout the year, with improvements made in the division's factories and across the broader supply chain. These improvements in service resulted in lower customer penalties and helped deliver year-on-year growth.

Good progress was made with committed Compass cost reduction actions, while factory efficiencies were also improved through the rollout of Lean manufacturing methodology across the division.

For the second year, the division achieved net contract wins, particularly in the German market, which is expected to impact volumes positively over the next financial year.

Unit Dosing performance review

Revenue was up by 33.9% to £234.2 million on a constant currency basis, with the division recording adjusted operating profit of £10.0 million (2022: operating loss of £0.8m), resulting in an adjusted operating profit margin of 4.3% (2022: adjusted operating loss margin of 0.5%).

After delivering a revenue increase of 35.1% in the first half of the financial year, the division grew 32.7% in the second half, driven by selling price increases, new contract wins and improved rates of sale of private label products. Volumes in contract manufacturing declined by 18.5%.

All of the division's product lines saw positive volume growth in 2023, which represents a significant achievement. The division grew in four of the five largest economies in Europe (UK, Germany, France and Spain), with a marginal volume decline in Italy. New product offerings – such as the new 'click to lock' box and capsule shapes – have been selected by multiple customers and are growing rapidly, illustrating how McBride is innovating to improve delivery and create value.

Adjusted operating profit improved by £10.8 million, driven by multiple factors. Continued price increases to recover inflation played a key role in the first half, while efforts to develop next generation lower cost products across all our categories had an increasing impact as the year progressed. Volume growth allowed the division to leverage its factories which resulted in an increase in its direct labour productivity of over 7%. Strategic staffing policies and tight cost controls helped to offset labour and service cost increases, ensuring overheads only increased by 13%, despite significant increases in labour and energy inflation. Overall, the division has taken a major step forward in improving its competitiveness and positioning itself for long-term growth.

Powders performance review

Revenue in Powders at £85.9 million was 22.7% higher on a constant currency basis, while the adjusted operating loss reduced by £1.8 million to £(0.7) million. Ongoing cost mitigation actions and volume growth in the final quarter provided the foundations to returning the business to break-even in the near term.

The division has seen volatile, and at times, immediate price increases for various key raw materials throughout the year.

Despite the strong selling price increases, given the magnitude of the inflationary pressures experienced in the year, it was not possible to offset cost increases fully. Additionally, the higher selling prices of the category damaged its competitiveness versus other types of formats, such as

Liquids and Unit Dosing products. This caused a reduction in powder product demand in most markets, both across private label and contract manufacturing.

The total laundry powder market declined in volume by 3.7%, although private label grew by 1.5%. The same dynamics were seen in auto dishwash powder with a total market volume decline of 4.6%, but with private label gaining market share in certain geographic areas. However, the tabs format fell off significantly, seeing a 31.4% decline in private label volume.

For the laundry powder category, McBride generally benefited from the switch from brands to private label in most of the key European markets and gained significant new volumes in contract manufacturing. However, auto dishwash category sales suffered due to some contract losses and a lack of growth in France and Italy.

As a result of the implementation of cost saving initiatives throughout the year and the benefits of increased selling prices, profit recovered in the last quarter. However, this did not offset the losses incurred during the first three quarters and prevented the division from achieving its break-even target.

During the year, the division worked relentlessly to deliver award winning products in its five key markets, building on its strong R&D strategy and establishing the Powders division as the ‘go to’ manufacturer in the market.

Aerosols performance review

Revenue of £46.2 million was 40.8% higher in the year on a constant currency basis, while adjusted operating profit of £0.3 million was up £1.9 million at constant currency. This resulted in an adjusted operating profit margin of 0.6% (2022: adjusted operating loss margin of 4.6%).

Following strong revenue growth of 33.4% in the first half, when the division delivered an adjusted operating profit at break-even, the second half saw sales increase by 48.1% across all core categories. The implementation of price increases partially offset exceptional increases in raw material, packaging and logistics cost increases. Material prices appear to be plateauing at the high level seen since the fourth quarter.

Of the division’s three main product categories, both household and personal care saw a significant increase in demand in the year, while insecticides grew slightly.

This growth was driven by higher private label sales, largely due to increasing underlying demand and new contract wins, in addition to increased selling prices. Supply chain agility and strong cost controls reinforced Aerosols’ strong reputation with customers and were key factors in capturing new business in both private label and contract manufacturing.

The Aerosols division continues to pursue its strategy of supplying niche products to a limited range of markets, while pursuing targeted geographical expansion. The division is keenly focused on meeting customers’ needs in the most cost-effective way. This approach has already secured new contract wins that launched in the third quarter, with others planned for the next financial year, continuing the positive growth momentum experienced through 2023.

Asia Pacific performance review

Revenue grew 6.9% on a constant currency basis to £24.8 million, with adjusted operating profit growing to £1.1 million, representing a 57.1% increase. This resulted in an adjusted operating profit margin of 4.4%, which was achieved via a disciplined approach to overhead cost control across the division as a means to combat the general inflationary pressures seen across the region.

Revenue in the first six months of the year grew by 18.9%, but decreased by 4.2% in the second half of the year. This reduction was primarily due to the partial loss of a contract with a major customer that operates across multiple countries in the South East Asia region. Nevertheless, new contracts secured and launched in the fourth quarter will more than mitigate this loss going forward and are expected to generate positive sales growth momentum going into the next financial year.

Demand for private label products is strong as consumers increasingly turn towards better value products without compromising on performance. In Australia, private label contracts with a major customer were successfully extended. In Malaysia, key customers have been strongly promoting their private label personal care offering, resulting in significant sales growth.

Group operating results

Operating profit from continuing operations of £10.3 million was a significant improvement on the prior year (2022: loss of £26.7m). Adjusted operating profit of £13.5 million was also significantly better than the prior year (2022: loss of £24.5m) whilst the adjusted operating profit margin increased from (3.6)% to 1.5%.

The Group returned to profitability as the time lag between the exceptional levels of input cost inflation hitting the business and the mitigating actions being agreed with our customers unwound. In particular, in the second half of the year, we saw encouraging sales momentum across the Group, underpinned by improved customer service levels, new contract wins and increased consumer demand for great-value, high-quality private label products.

Group EBITDA

Adjusted EBITDA[1] of £34.1 million (2022: £(3.6)m) reflected the strong trading performance.

	2023	2022
	£m	£m
Operating profit/(loss)	**10.3**	(27.1)
Add back: operating loss from discontinued operations	**—**	0.4
Operating profit/(loss) from continuing operations	**10.3**	(26.7)
Exceptional items in operating profit/(loss) (note 4)	**0.8**	(0.4)
Amortisation of intangibles (note 10)	**2.4**	2.6
Adjusted operating profit/(loss) from continuing operations	**13.5**	(24.5)
Depreciation of property, plant and equipment (note 10)	**16.8**	16.9
Depreciation of right-of-use assets (note 10)	**3.8**	4.0
Adjusted EBITDA	**34.1**	(3.6)

[1]*Definition and reconciliation provided in note 19.*

Exceptional items

Total exceptional items of £13.0 million were recorded during the year in relation to continuing operations (2022: £3.1m). The charges primarily comprised the following:

- £12.2 million in respect of the independent business review and refinancing costs, recognised in finance costs, including a £1.5 million charge in respect of the valuation of the upside sharing fee payable to members of the lender group upon exiting the existing revolving credit facility (RCF) agreement; and
- £0.8 million costs relating to the re-evaluation of an environmental remediation provision.

Finance costs

At £13.2 million, adjusted finance costs were £8.1 million higher than the prior year (2022: £5.1m), driven by revised terms under the lending agreement announced on 29 September 2022 and increases to the underlying market interest rates.

Loss before tax and taxation

Reported loss before taxation from continuing operations was £(15.1) million (2022: £(35.3)m). Adjusted profit before taxation from continuing operations was £0.3 million (2022: loss of £29.6m).

The tax charge on continuing adjusted profit before tax for the year is £(0.3) million (2022: £9.3m credit) and the effective tax rate is 100% (2022: 31%).

The statutory effective tax rate on continuing operations for the year is 24% (2022: 32%).

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.

Loss per share

On an adjusted basis, diluted loss per share from continuing operations was 0.0 pence (2022: loss of 11.7p). Total adjusted diluted loss per share was 0.0 pence (2022: loss of 11.7p), with basic loss per share at 6.6 pence (2022: loss of 14.0p).

Payments to shareholders

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to 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. Hence the Board is not recommending a final dividend for the financial year ended 30 June 2023.

Cash flow and balance sheet

	2023	2022
	£m	£m
Adjusted EBITDA	**34.1**	(3.6)
Working capital excluding provisions and pensions	**7.1**	(15.3)
Share-based payments and loss on disposal of property, plant and equipment	**0.8**	0.3
Non-exceptional reversal of impairment of property, plant and equipment	**—**	(0.1)
Pension deficit reduction contributions	**(4.0)**	(4.0)
Free cash flow[1]	**38.0**	(22.7)
Exceptional items	**(1.4)**	(4.1)
Interest on borrowings and lease liabilities less interest receivable	**(11.4)**	(3.3)
Refinancing costs paid	**(12.3)**	(1.8)
Tax paid	**(1.8)**	(0.1)
Net cash generated from/(used in) operating activities	**11.1**	(32.0)
Net capital expenditure[2]	**(16.3)**	(13.2)
Debt financing activities	**2.6**	24.7
Settlement of derivatives	**0.4**	0.4
Free cash flow to equity[3]	**(2.2)**	(20.1)
Dividends paid/redemption of B Shares	**—**	(0.1)
Share buy-back	**—**	(0.1)
Net decrease in cash and cash equivalents	**(2.2)**	(20.3)

Free cash flow in the year was £38.0 million (2022: £(22.7)m).

Working capital inflows increased compared to the prior year primarily due to a reduction in customer payment terms, partially offset by an increase in the value of inventories due to higher input costs.

During the year, net capital expenditure was £16.3 million (2022: £13.2m) in cash terms. The ongoing reduction in gross capital expenditure levels resulted from careful management of cash flows to mitigate increases in net debt. The Group continues to prioritise capital expenditure to underpin our strategy of focused investment in our growth categories.

The Group's net assets decreased to £37.1 million (2022: £57.0m). Gearing[4] decreased slightly to 78% (30 June 2022: 80%) as net debt levels remained broadly in line with the prior year end.

Adjusted return on capital employed of 6.4% was higher than the prior year (2022: (11.4)%) driven by a return to operating profitability.

[1]Refer to note 19 for definition.
[2] Net capital expenditure is capital expenditure including capital payments on lease liabilities less proceeds from sale of fixed assets.
[3]Free cash flow to equity excludes cash flows relating to transactions with shareholders.
[4]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 2023 increased marginally to £166.5 million (30 June 2022: £164.4m).

Throughout the year the Group had a €175 million multi-currency, sustainability-linked RCF. The facility was agreed for a five-year tenor to May 2026 and is provided by a syndicate of supportive international bank lenders. On 29 September 2022, the Group announced that it had agreed an amended RCF with its lender group maintaining the commitment date to May 2026 and, ensuring the Group has sufficient levels of liquidity headroom and can comply with revised covenant requirements.

The Group considers that the amended RCF 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 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.

At 30 June 2023, liquidity(1) as defined by the RCF agreement was £59.3 million (2022: £70.6m). Liquidity throughout the year was comfortably above the minimum liquidity covenant of £15 million.

At 30 June 2023, the net debt cover ratio as defined under the RCF funding arrangements was 2.9x (2022: (93.3)x) and the interest cover was 2.7x (2022: (0.2)x). The amount undrawn on the facility was €46.7 million (2022: €64.5m). Under the current agreement, net debt cover and interest cover covenants are to be tested quarterly from 30 September 2024.

The RCF, which is aligned with the Loan Market Association's '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, 58.6% of the Group's energy came from renewable sources, beating the target of 30.0% by 30 June 2023.

2. Recycled content: Plastics are a significant element in many of the final products of McBride. The Company targets to increase significantly the post-consumer recycled (PCR) 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, 98.2% of PET bought had PCR content, exceeding the target of 79.0%.

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 2022, the percentage of skillets sourced that are FSC® certified was 55.6%, below the target of 65.0% by 30 June 2023. The decrease in the use of FSC® sourced board is due to product mix and transition impacts. McBride continues to focus on improving our recyclability via product design and working closely with our customers.

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

At 30 June 2023, 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, committed until September 2024. In France and Belgium, the Group had an aggregate €30 million facility, which had a rolling notice period of six months for the French part and three months for the Belgian part, both committed until September 2024. In Germany, the Group had a €40 million facility, committed until September 2024. In Spain, the Group had an €8 million facility, committed until May 2026. Since the year end, the Group has agreed extension of all invoice discounting facilities to May 2026. 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's confirmed financing, improved trading performance and more positive three-year financial forecast has meant that there is no longer a material uncertainty that would cast significant doubt on the Group's ability to continue as a going concern, even when modelling severe but plausible downside risks. The Board anticipates that the financial turnaround will allow the Group to improve liquidity and cash flows further. In particular, it is expected that having a clean auditors' report will facilitate the agreement of an invoice discounting line on our unencumbered Italian debtor ledger and allow credit insurers to increase levels of insurance cover to our suppliers back to more normal levels.

[1]*Refer to note 19 for definition.*

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 delivered a stable, more certain expected return and reduced volatility. The strategy previously targeted a c.100% hedge of interest rates and inflation. As a result of the government bond crisis in 2022 and the resultant changes in liability driven investing (LDI) managers' collateral requirements, the Trustee amended the strategy in October 2022 and as an interim step moved to an unlevered government bond-based hedge with c.40% of interest rate and inflation hedging. The investment strategy is currently being reviewed and hedging is due to be increased to c.60% of interest rates and inflation. This level of hedging broadly hedges the current funding level of the Fund and strikes a balance between risk and return objectives and the liquidity needs of the Fund.

A significant increase in corporate bond yields has decreased the value of the liabilities and the assets over the year to 30 June 2023. At 30 June 2023, the Group recognised a deficit in the scheme of £24.7 million (30 June 2022: £14.4m). The increase in deficit is due to recent high inflation impacting pension liabilities at 30 June 2023 by more than had been assumed within long-term inflation assumptions.

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 £48.4 million. The current level of deficit contributions of £4.0 million per annum is payable until 31 March 2028. The Company has separately agreed that, from 1 October 2024, conditional profit-related contributions of £1.7 million per annum will be paid over the period to 31 March 2028. If adjusted operating profit exceeds £35 million, additional annual deficit contributions of £1.7 million will be due over the following year. If adjusted operating profit is below £30 million then no profit-related contributions will be due the following year. If reported adjusted operating profit is between £31 million and £35 million, a proportion of the £1.7 million contribution will be due over the following year, with incremental increases of £0.34 million of additional contributions for each whole £1 million of adjusted operating profit in excess of £30 million. 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. 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 £1.9 million (30 June 2022: £1.7m).

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 ESG issues that are most relevant and important in the context of McBride plc's business activities. The Company recognises it must tackle climate change to remain viable, it places ESG 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 reporting to the Board. The Board:

- oversees strategies to manage social and environmental risks, including management processes and standards;
- reviews the effectiveness of management policies and procedures relating to safety, health and employment practices;
- monitors our key performance indicators against agreed commitments;
- approves recommendations from the executive ESG Committee in respect of key ESG issues and related objectives;
- monitors the level of resource, competence and commitment applied to the management of ESG issues to ensure a culture of continuous improvement; and
- supports McBride plc's commitment to make a positive contribution to the communities in which it operates.

We have developed a framework of non-financial key indicators and metrics to assess our performance against our ongoing ESG 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.

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;
- Safe and high-quality products;
- Health and safety;
- Challenges in attracting and retaining talent;
- Climate change and environmental concerns;
- Increased regulation; and
- Economic, political and macro environment instability.

Consolidated income statement

Year ended 30 June 2023

		2023			2022		
		Adjusted	**Adjusting items**	**Total**	Adjusted	Adjusting items	Total
Continuing operations	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	3	**889.0**	**—**	**889.0**	678.3	—	678.3
Cost of sales		**(625.4)**	**—**	**(625.4)**	(487.5)	—	(487.5)
Gross profit		**263.6**	**—**	**263.6**	190.8	—	190.8
Distribution costs		**(77.9)**	**—**	**(77.9)**	(64.3)	—	(64.3)
Administrative costs		**(168.4)**	**(3.2)**	**(171.6)**	(148.8)	(5.0)	(153.8)
Impairment of trade receivables		**(3.5)**	**—**	**(3.5)**	(2.0)	—	(2.0)
(Loss)/gain on disposal of property, plant and equipment		**(0.3)**	**—**	**(0.3)**	(0.3)	3.7	3.4
Impairment of property, plant and equipment		**—**	**—**	**—**	0.1	(0.9)	(0.8)
Operating profit/(loss)		**13.5**	**(3.2)**	**10.3**	(24.5)	(2.2)	(26.7)
Finance costs	6	**(13.2)**	**(12.2)**	**(25.4)**	(5.1)	(3.5)	(8.6)
Profit/(loss) before taxation		**0.3**	**(15.4)**	**(15.1)**	(29.6)	(5.7)	(35.3)
Taxation	7	**(0.3)**	**3.9**	**3.6**	9.3	2.0	11.3
Loss for the year from continuing operations		**—**	**(11.5)**	**(11.5)**	(20.3)	(3.7)	(24.0)
Discontinued operations							
Loss for the year from discontinued operations		**—**	**—**	**—**	—	(0.3)	(0.3)
Loss for the year		**—**	**(11.5)**	**(11.5)**	(20.3)	(4.0)	(24.3)
Loss per ordinary share from continuing and discontinued operations attributable to the owners of the parent during the year	8						
Basic loss per share							
From continuing operations				**(6.6)p**			(13.8)p
From discontinued operations				**0.0p**			(0.2)p
From loss for the year				**(6.6)p**			(14.0)p
Diluted loss per share							
From continuing operations				**(6.6)p**			(13.8)p
From discontinued operations				**0.0p**			(0.2)p
From loss for the year				**(6.6)p**			(14.0)p

Consolidated statement of comprehensive income

Year ended 30 June 2023

	2023	2022
	£m	£m
Loss for the year	**(11.5)**	(24.3)
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	**(0.6)**	0.2
Gain on net investment hedges	**0.4**	0.5
Gain on cash flow hedges in the year	**3.7**	2.4
Cash flow hedges transferred to profit or loss	**(1.4)**	—
Taxation relating to items above	**(0.4)**	(0.5)
	1.7	2.6
Items that will not be reclassified to profit or loss:		
Net actuarial (loss)/gain on post-employment benefits	**(14.1)**	12.4
Taxation relating to item above	**3.5**	(3.1)
	(10.6)	9.3
Total other comprehensive (expense)/income	**(8.9)**	11.9
Total comprehensive expense	**(20.4)**	(12.4)

Total comprehensive expense attributable to equity shareholders arises from:		
Continuing operations	**(20.4)**	(12.1)
Discontinued operations	**—**	(0.3)
	(20.4)	(12.4)

Consolidated balance sheet

As at 30 June 2023

	Note	**2023** £m	2022 £m
Non-current assets			
Goodwill	10	**19.7**	19.7
Other intangible assets	10	**6.5**	7.3
Property, plant and equipment	10	**117.8**	122.9
Derivative financial instruments	11	**4.5**	1.9
Right-of-use assets	10	**8.5**	11.3
Deferred tax assets		**41.6**	29.7
		198.6	192.8
Current assets			
Inventories		**121.5**	118.9
Trade and other receivables		**145.7**	145.4
Current tax asset		**2.3**	3.9
Derivative financial instruments	11	**0.6**	0.6
Cash and cash equivalents	12	**1.6**	4.5
		271.7	273.3
Total assets		**470.3**	466.1
Current liabilities			
Trade and other payables		**219.6**	206.9
Borrowings	11	**49.3**	60.5
Lease liabilities	11	**3.5**	3.9
Derivative financial instruments	11	**1.8**	—
Current tax liabilities		**6.7**	5.3
Provisions	14	**2.7**	3.4
		283.6	280.0
Non-current liabilities			
Borrowings	11	**109.8**	96.4
Lease liabilities	11	**5.5**	8.1
Pensions and other post-employment benefits	13	**26.6**	16.1
Provisions	14	**2.6**	3.8
Deferred tax liabilities		**5.1**	4.7
		149.6	129.1
Total liabilities		**433.2**	409.1
Net assets		**37.1**	57.0
Equity			
Issued share capital	16	**17.4**	17.4
Share premium account		**68.6**	68.6
Other reserves		**78.9**	77.2
Accumulated losses		**(127.8)**	(106.2)
Total equity		**37.1**	57.0

Consolidated cash flow statement

Year ended 30 June 2023

	Note	2023 £m	2022 (restated)[1] £m
Operating activities			
Loss before tax			
Continuing operations		**(15.1)**	(35.3)
Discontinued operations		**—**	(0.4)
Finance costs		**25.4**	8.6
Exceptional items excluding finance costs	4	**0.8**	—
Share-based payments charge		**0.5**	—
Depreciation of property, plant and equipment	10	**16.8**	16.9
Depreciation of right-of-use assets	10	**3.8**	4.0
Loss on disposal of fixed assets		**0.3**	0.3
Amortisation of intangible assets	10	**2.4**	2.6
(Reversal of) impairment of property, plant and equipment		**—**	(0.1)
Operating cash flow before changes in working capital before exceptional items		**34.9**	(3.4)
Increase in receivables		**(1.3)**	(27.4)
Increase in inventories		**(2.7)**	(25.7)
Increase in payables		**11.1**	37.8
Operating cash flow after changes in working capital before exceptional items		**42.0**	(18.7)
Additional cash funding of pension schemes		**(4.0)**	(4.0)
Cash generated from/(used in) operations before exceptional items		**38.0**	(22.7)
Cash outflow in respect of exceptional items		**(1.4)**	(4.1)
Cash generated from/(used in) operations		**36.6**	(26.8)
Interest paid		**(11.4)**	(3.3)
Refinancing costs paid		**(12.3)**	(1.8)
Taxation paid		**(1.8)**	(0.1)
Net cash generated from/(used in) operating activities		**11.1**	(32.0)
Investing activities			
Proceeds from sale of property, plant and equipment		**—**	6.1
Purchase of property, plant and equipment		**(10.3)**	(12.6)
Purchase of intangible assets		**(1.7)**	(1.7)
Settlement of derivatives used in net investment hedges		**0.4**	0.4
Net cash used in investing activities		**(11.6)**	(7.8)
Financing activities			
Redemption of B Shares	16	**—**	(0.1)
(Repayment)/drawdown of overdrafts	12	**(6.2)**	0.7
(Repayment)/drawdown of other loans	12	**(4.9)**	6.0
Drawdown of bank loans		**13.7**	18.0
Repayment of IFRS 16 lease obligations	12	**(4.3)**	(5.0)
Purchase of own shares		**—**	(0.1)
Net cash (used in)/generated from financing activities		**(1.7)**	19.5
Decrease in net cash and cash equivalents		**(2.2)**	(20.3)
Net cash and cash equivalents at the start of the year		**4.5**	24.9
Currency translation differences		**(0.7)**	(0.1)
Net cash and cash equivalents at the end of the year		**1.6**	4.5

[1] *Refinancing costs paid have been reclassified as operating activities, having been reported previously under financing activities.*

Consolidated statement of changes in equity

Year ended 30 June 2023

			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 2022	17.4	68.6	1.8	(1.8)	77.2	(106.2)	57.0
Year ended 30 June 2023							
Loss for the year	**—**	**—**	**—**	**—**	**—**	**(11.5)**	**(11.5)**
Other comprehensive income/(expense)							
Items that may be reclassified to profit or loss:							
Currency translation differences of foreign subsidiaries	**—**	**—**	**—**	**(0.6)**	**—**	**—**	**(0.6)**
Gain on net investment hedges	**—**	**—**	**—**	**0.4**	**—**	**—**	**0.4**
Gain on cash flow hedges in the year	**—**	**—**	**3.7**	**—**	**—**	**—**	**3.7**
Cash flow hedges transferred to profit or loss	**—**	**—**	**(1.4)**	**—**	**—**	**—**	**(1.4)**
Taxation relating to the items above	**—**	**—**	**(0.4)**	**—**	**—**	**—**	**(0.4)**
	—	**—**	**1.9**	**(0.2)**	**—**	**—**	**1.7**
Items that will not be reclassified to profit or loss:							
Net actuarial loss on post-employment benefits	**—**	**—**	**—**	**—**	**—**	**(14.1)**	**(14.1)**
Taxation relating to items above	**—**	**—**	**—**	**—**	**—**	**3.5**	**3.5**
	—	**—**	**—**	**—**	**—**	**(10.6)**	**(10.6)**
Total other comprehensive income/(expense)	**—**	**—**	**1.9**	**(0.2)**	**—**	**(10.6)**	**(8.9)**
Total comprehensive income/(expense)	**—**	**—**	**1.9**	**(0.2)**	**—**	**(22.1)**	**(20.4)**
Transactions with owners of the parent							
Share-based payments	**—**	**—**	**—**	**—**	**—**	**0.5**	**0.5**
At 30 June 2023	**17.4**	**68.6**	**3.7**	**(2.0)**	**77.2**	**(127.8)**	**37.1**

			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	17.4	68.6	1.8	(1.8)	77.2	(106.2)	57.0

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 2023 and 30 June 2022, but is derived from those accounts. The financial information for 2022 is derived from the statutory accounts for 2022 which have been delivered to the registrar of companies. The statutory accounts for the year ended 30 June 2023 have been reported on by the Company's auditor, PricewaterhouseCoopers LLP, and will be delivered to the Registrar of Companies in due course.

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 2022.

The financial information does not constitute statutory accounts of the Group for the years ended 30 June 2023 and 2022 within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRS.

The auditor has reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Going concern

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

- revenue growth of c.4-5% per annum, driven predominantly by volume increases resulting from net contract wins;
- raw material prices reducing compared to 2023 levels, which in themselves remained significantly higher than the pre-Covid-19 pandemic era as a result of exceptional levels of input cost inflation;
- interest rates increasing by c.100 basis points versus budgeted assumptions; and
- Sterling: Euro exchange rate of £1:€1.12.

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

- no revenue growth from assumed contract wins in 2024;
- revenue growth reducing to half of that assumed in the original three-year plan for 2025;
- an increase in raw material and packaging input costs compared to latest forecasts;
- 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 remain compliant with current banking covenants.

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.

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 2026 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, featuring 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 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 to which the Group is exposed.

Whilst the Group ends the year with net current liabilities of £11.9 million, the Directors conclude that the Group has access to sufficient financing facilities in order to support this position.

After conducting their viability review, the Directors confirm that 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 2026.

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 2022.

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/(loss) before amortisation of intangible assets and exceptional items	Group income statement
Adjusted EBITDA	Adjusted operating profit/(loss) before depreciation	Group income statement
Adjusted profit/(loss) before tax	Adjusted profit/(loss) before tax is based on adjusted operating profit less adjusted finance costs.	Group income statement
Adjusted loss for the year	Adjusted loss after tax is based on adjusted profit before tax less taxation.	Group income statement
Adjusted loss per share	Adjusted loss per share is based on the Group's loss for the year adjusted for the items excluded from operating profit/(loss) in arriving at adjusted operating profit/(loss)	Note 8 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 twelve 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
Liquidity	At any time, without double counting, the aggregate of: (a) cash; (b) cash equivalents; (c) the available facility at that time, which comprises the headroom available in the RCF and other committed facilities; and (d) the aggregate amount available for drawing under uncommitted facilities.	Group cash flow statement Note 16
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 profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items. Exceptional items and amortisation are excluded from adjusted operating profit 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 profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before 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. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Year ended 30 June 2023	**Liquids £m**	**Unit Dosing £m**	**Powders £m**	**Aerosols £m**	**Asia Pacific £m**	**Corporate £m**	**Group £m**
Continuing operations							
Segment revenue	**497.9**	**234.2**	**85.9**	**46.2**	**24.8**	**—**	**889.0**
Adjusted operating profit/(loss)	**10.5**	**10.0**	**(0.7)**	**0.3**	**1.1**	**(7.7)**	**13.5**
Amortisation of intangible assets							**(2.4)**
Exceptional items (note 4)							**(0.8)**
Operating profit							**10.3**
Finance costs (note 6)							**(25.4)**
Loss before taxation							**(15.1)**
Inventories	**59.4**	**33.8**	**15.8**	**9.6**	**2.9**	**—**	**121.5**
Capital expenditure	**5.9**	**4.9**	**1.7**	**0.4**	**0.3**	**—**	**13.2**
Amortisation and depreciation	**13.2**	**6.3**	**1.4**	**0.6**	**1.5**	**—**	**23.0**

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 profit							(26.7)
Finance costs (note 6)							(8.6)
Profit 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

Geographical information

	Revenue from external customers		**Non-current assets**	
	2023 £m	2022 £m	**2023 £m**	2022 £m
United Kingdom	**187.8**	150.6	**34.5**	37.7
Germany	**205.8**	143.3	**—**	—
France	**188.0**	140.3	**9.1**	9.2
Other Europe	**278.5**	217.8	**104.1**	108.0
Australia	**0.4**	8.5	**—**	—
Other Asia Pacific	**25.3**	14.7	**4.8**	6.3
Rest of the World	**3.2**	3.1	**—**	—
Total	**889.0**	678.3	**152.5**	161.2

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 2023 and 2022, no individual customer provided more than 10% of the Group's revenue.

During 2023, the top ten customers accounted for 53% of total Group revenue (2022: 50%).

4. Exceptional items

Analysis of exceptional items

	2023 **£m**	2022 £m
Continuing operations		
Reorganisation and restructuring costs/(gains):		
UK Aerosols closure	—	0.1
Factory footprint review	—	(1.4)
Review of strategy, organisation and operations	—	(0.4)
Logistics transformation programme	—	0.7
	—	(1.0)
Environmental remediation	**0.8**	0.6
Total charged/(credited) to operating profit/(loss)	**0.8**	(0.4)
Group refinancing:		
Independent business review and refinancing costs	**12.2**	3.5
Total charged to finance costs	**12.2**	3.5
Total continuing operations	**13.0**	3.1
Discontinued operations		
Sale of PC Liquids business	—	0.5
Other	—	(0.1)
Discontinued operations before tax	—	0.4
Tax on discontinued operations	—	(0.1)
Total discontinued operations	—	0.3
Total	**13.0**	3.5

Total exceptional items of £13.0 million were recorded during the year (2022: £3.5m). The charge primarily comprises the following:

Items relating to continuing operations

Total exceptional items incurred in relation to the continuing business of £13.0 million were recorded during the year (2022: £3.1m). The charges comprise the following:

- £0.8 million costs relating to the re-evaluation of the environmental remediation provision; and
- £12.2 million charged to finance costs in respect of the independent business review and refinancing work completed in September 2022. The charge includes £1.5 million reflecting the fair value of the liability in relation to fees payable to members of the lender group upon exiting the existing RCF agreement. As reported in last year's Annual Report, the amended RCF that McBride plc agreed with its lender group on 29 September 2022 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 a fee will be determined as the percentage of any increase in the market capitalisation of the Group from 29 September 2022 to the date of the exit event. This valuation has been performed on an embedded derivative basis using a conventional Black-Scholes pricing model.

Items relating to discontinued operations

An exceptional charge of £nil was incurred in respect of discontinued operations during the year (2022: £0.4m).

5. Operating profit/(loss)

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

	2023	2022 (restated)
	£m	£m
Cost of inventories (included in cost of sales)	**573.2**	441.8
Employee costs	**142.0**	126.2
Amortisation of intangible assets (note 10)	**2.4**	2.6
Depreciation of property, plant and equipment (note 10)	**16.8**	16.9
Depreciation of right-of-use assets (note 10)	**3.8**	4.0
Impairment:		
Property, plant and equipment (note 10)	—	0.8
Inventories	**3.0**	3.9
Trade receivables	**2.6**	2.0
Expense relating to short-term leases	**0.3**	0.3
Expense relating to low-value leases	**0.1**	0.2
Research and development costs not capitalised	**7.3**	6.8
Net foreign exchange loss	**0.4**	0.3

6. Finance costs

	2023	2022
	£m	£m
Finance costs		
Interest on bank loans and overdrafts	**11.1**	2.7
Interest on lease liabilities	**0.3**	0.4
Net foreign exchange loss/(gain)	**(0.2)**	0.4
Amortisation of facility fees	**0.5**	0.5
Non-utilisation and other fees	**1.0**	0.6
	12.7	4.6
Post-employment benefits:		
Net interest cost on defined benefit obligation	**0.5**	0.5
Adjusted finance costs	**13.2**	5.1
Costs associated with independent business review and refinancing	**12.2**	3.5
Total finance costs	**25.4**	8.6

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):

	2023			2022		
	UK	**Overseas**	**Total**	UK	Overseas	Total
From continuing operations	**£m**	**£m**	**£m**	£m	£m	£m
Current tax expense/(credit)						
Current year	**—**	**5.0**	**5.0**	—	3.2	3.2
Adjustment for prior years	**—**	**(0.2)**	**(0.2)**	(1.0)	(0.9)	(1.9)
	—	**4.8**	**4.8**	(1.0)	2.3	1.3
Deferred tax (credit)/expense						
Origination and reversal of temporary differences	**(8.8)**	**0.9**	**(7.9)**	(7.9)	(2.7)	(10.6)
Adjustment for prior years	**(0.2)**	**(0.3)**	**(0.5)**	(6.4)	5.4	(1.0)
Impact of change in tax rate	**—**	**—**	**—**	(1.0)	—	(1.0)
	(9.0)	**0.6**	**(8.4)**	(15.3)	2.7	(12.6)
Income tax (credit)/expense	**(9.0)**	**5.4**	**(3.6)**	(16.3)	5.0	(11.3)

The current tax adjustment for the prior year was £nil (2022: £0.5m credit) and £0.4 million (2022: £0.4m) 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:

From continuing operations	**2023 £m**	2022 £m
Loss before tax	**(15.1)**	(35.3)
Loss before tax multiplied by the UK corporation tax rate of 25% (2022: 19.0%)	**(3.1)**	(6.7)
Effect of tax rates in foreign jurisdictions	**1.1**	(1.7)
Non-deductible expenses	**0.4**	0.6
Tax incentives/non-taxable income	**—**	(0.4)
Tax losses and other temporary differences for which no deferred tax recognised	**—**	0.6
Change in tax rate	**(1.6)**	(1.0)
Other differences	**0.3**	0.2
Adjustment for prior years	**(0.7)**	(2.9)
Total tax credit in profit or loss	**(3.6)**	(11.3)
Exclude adjusting items	**3.9**	2.0
Total tax charge/(credit) in profit or loss before adjusting items	**0.3**	(9.3)

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

8. Loss per ordinary share

Basic loss per ordinary share is calculated by dividing the loss 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 623,968 shares (2022: 629,200 shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	**2023**	2022
Weighted average number of ordinary shares in issue (million)	a	**173.4**	173.5
Effect of dilutive LTIP and RSU awards (million)		**2.5**	1.0
Weighted average number of ordinary shares for calculating diluted loss per share (million)	b	**175.9**	174.5

Diluted loss 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 per share is considered equal to the basic loss 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 per share measures are calculated based on loss for the year attributable to owners of the Company before adjusting items as follows:

From continuing operations	Reference	**2023 £m**	2022 £m
Loss for calculating basic and diluted loss per share	c	**(11.5)**	(24.0)
Adjusted for:			
Amortisation of intangible assets (note 10)		**2.4**	2.6
Exceptional items (note 4)		**13.0**	3.1
Taxation relating to the above items		**(3.9)**	(2.0)
Loss for calculating adjusted loss per share	d	**—**	(20.3)

	Reference	**2023 pence**	2022 pence
Basic loss per share	c/a	**(6.6)**	(13.8)
Diluted loss per share	c/b[(1)]	**(6.6)**	(13.8)
Adjusted basic loss per share	d/a	**0.0**	(11.7)
Adjusted diluted loss per share	d/b[(1)]	**0.0**	(11.7)

From discontinued operations	Reference	2023 £m	2022 £m
Loss for calculating basic and diluted loss per share	e	**—**	(0.3)
Adjusted for:			
Exceptional items (note 4)		**—**	0.4
Taxation relating to the above items		**—**	(0.1)
Loss for calculating adjusted earnings per share	f	**—**	—

	Reference	2023 pence	2022 pence
Basic loss per share	e/a	**0.0**	(0.2)
Diluted loss per share	e/b(1)	**0.0**	(0.2)
Adjusted basic loss per share	f/a	**0.0**	0.0
Adjusted diluted loss per share	f/b(1)	**0.0**	0.0

Total attributable to ordinary shareholders	Reference	2023 £m	2022 £m
Loss for calculating basic and diluted loss per share	g	**(11.5)**	(24.3)
Adjusted for:			
Amortisation of intangible assets		**2.4**	2.6
Exceptional items (note 4)		**13.0**	3.5
Taxation relating to the above items		**(3.9)**	(2.1)
Loss for calculating adjusted loss per share	h	**—**	(20.3)

	Reference	2023 Pence	2022 pence
Basic loss per share	g/a	**(6.6)**	(14.0)
Diluted loss per share	g/b(1)	**(6.6)**	(14.0)
Adjusted basic loss per share	h/a	**0.0**	(11.7)
Adjusted diluted loss per share	h/b(1)	**0.0**	(11.7)

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

9. Payments to shareholders

Dividends paid and received are included in the Company financial statements in the year in which the related dividends are actually paid or received or, in respect of the Company's final dividend for the year, approved by shareholders.

Under the terms of the amended RCF announced on 29 September 2022, the Company may not, except with the consent of its lender group, declare, make or pay any dividend or distribution to its shareholders prior to 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. Hence the Board is not recommending a final dividend for the financial year ended 30 June 2023.

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

Furthermore, under the RCF the Company may not, except with the consent of its lender group, redeem or repay any of its share capital prior to an exit event. Therefore, as intimated in the announcement dated 3 October 2022, the redemption of B Shares that would normally take place in November each year will not take place.

B Shares issued but not redeemed are classified as current liabilities.

Movements in the B Shares were as follows:

	Number 000	Nominal value £'000
At 1 July 2021	747,399	747
Issued	—	—
Redeemed	(81,511)	(81)
At 30 June 2022	665,888	666
Issued	—	—
Redeemed	—	—
At 30 June 2023	**665,888**	**666**

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

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 2022	27.0	122.9	11.3
Currency translation differences	—	0.4	(0.2)
Additions	1.7	11.5	1.2
Disposal of assets	(0.1)	(0.2)	—
Depreciation charge	—	(16.8)	(3.8)
Amortisation charge	(2.4)	—	—
Net book value at 30 June 2023	**26.2**	**117.8**	**8.5**

Included within goodwill and other intangible assets is goodwill of £19.7 million (2022: £19.7m), computer software of £5.6 million (2022: £5.3m) and customer relationships of £0.6 million (2022: £1.1m).

Capital commitments as at 30 June 2023 amounted to £5.5 million (2022: £4.0m). At 30 June 2023 the Group was committed to future minimum lease payments of £2.1 million (2022: £1.5m) 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 2023 or 30 June 2022 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 2023 £m	As at 30 June 2022 £m
Level 2 Assets		
Derivative financial instruments		
Forward currency contracts	**0.2**	0.4
Interest rate swaps	**4.9**	2.1
Total financial assets	**5.1**	2.5
Level 2 Liabilities		
Derivative financial instruments		
Forward currency contracts	—	—
Interest rate swaps	**(0.3)**	—
Upside sharing fee	**(1.5)**	—
Total financial liabilities	**(1.8)**	—

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, in addition to the upside sharing fee payable to the lender group upon exit of the current RCF arrangement.

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.

The upside sharing fee has been identified as an embedded derivative. The amended RCF that the Group agreed with its lender group on 29 September 2022 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 a fee will be determined as the percentage of any increase in the market capitalisation of the Group from 29 September 2022 to the date of the exit event. A valuation has been performed using a conventional Black-Scholes pricing model with an exit date of 31 May 2024, based on the assumption that the Group will have agreed a new RCF arrangement at that time.

Valuation levels and techniques
There were no transfers between levels during the year 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 30 June 2023 £m	As at 30 June 2022 £m
Current	**52.8**	64.4
Non-current	**115.3**	104.5
Total borrowings	**168.1**	168.9

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 2022 £m	IFRS 16 non-cash movements[1] £m	Cash flows £m	Currency translation differences £m	**At 30 June 2023 £m**
Cash and cash equivalents	4.5	—	(2.2)	(0.7)	**1.6**
Overdrafts	(6.8)	—	6.2	—	**(0.6)**
Bank and other loans	(150.1)	—	(8.8)	0.4	**(158.5)**
Lease liabilities	(12.0)	(1.5)	4.3	0.2	**(9.0)**
Net debt	(164.4)	(1.5)	(0.5)	(0.1)	**(166.5)**

[1]*IFRS 16 non-cash movements includes additions (£1.2m) and interest charged (£0.3m).*

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 Group also recognises the assets and liabilities for all members of the defined contribution scheme in Belgium, accounting for the whole defined contribution section as a defined benefit scheme under IAS 19 'Employee Benefits', as there is a risk the underpin will require the Group to pay further contributions to the scheme.

At 30 June 2023, the Group recognised a deficit on its UK defined benefit pension plan of £24.7 million (2022: £14.4m). The Group's post-employment benefit obligations outside the UK amounted to £1.9 million (2022: £1.7m).

Non-governmental collected post-employment benefits had the following effect on the Group's results and financial position:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Profit or loss		
Service cost and administration expenses	**(1.0)**	(1.0)
Charge to operating loss	**(1.0)**	(1.0)
Net interest cost on defined benefit obligation	**(0.5)**	(0.5)
Charge to profit or loss before taxation	**(1.5)**	(1.5)
Other comprehensive (expense)/income		
Net actuarial (loss)/gain	**(14.1)**	12.4
Other comprehensive (expense)/income	**(14.1)**	12.4

	As at 30 June 2023 £m	As at 30 June 2022 £m
Balance sheet		
Defined benefit obligations:		
UK – funded	**(98.1)**	(116.6)
Other – unfunded	**(12.4)**	(12.0)
	(110.5)	(128.6)
Fair value of scheme assets		
UK – funded	**73.4**	102.2
Other – unfunded	**10.5**	10.3
Deficit on the schemes	**(26.6)**	(16.1)

For accounting purposes, the UK scheme's benefit obligation as at 30 June 2023 has been calculated based on data gathered for the 2022 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	Leasehold dilapidations	Environmental remediation	Independent business review	Other	Total
	£m	£m	£m	£m	£m	£m
At 1 July 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
Charged to profit or loss	**(0.1)**	**0.2**	**0.7**	**1.0**	**—**	**1.8**
Currency translation differences	**—**	**—**	**0.1**	**—**	**—**	**0.1**
Utilisation	**(0.4)**	**—**	**(0.5)**	**(2.6)**	**(0.3)**	**(3.8)**
At 30 June 2023	**0.3**	**1.7**	**3.0**	**0.1**	**0.2**	**5.3**

Analysis of provisions:

	2023	2022
	£m	£m
Current	**2.7**	3.4
Non-current	**2.6**	3.8
Total	**5.3**	7.2

Reorganisation costs in the year of £0.1 million is due to a release of costs associated with the Group's logistics transformation programme. 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. A dilapidation provision of £0.2 million has been added in year, relating to the UK head office building. Amounts will be utilised as the respective leases end and restoration works are carried out, within a period of approximately twelve months.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium. The additional costs in the year of £0.7 million result from a re-evaluation of the cost of environmental remediation. The closing provision is expected to be utilised as the land is restored within a period of approximately seven years.

The independent business review (IBR) was initiated to support discussions with banking partners regarding revisions to financing arrangements and banking covenants. A closing provision of £0.1 million has been recognised in relation to consultancy costs directly associated with the IBR.

Other provisions of £0.2 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	
	2023	2022	**2023**	2022
Euro	**1.15**	1.18	**1.17**	1.17
US Dollar	**1.20**	1.33	**1.27**	1.21
Danish Krone	**8.56**	8.78	**8.68**	8.67
Polish Zloty	**5.38**	5.45	**5.17**	5.47
Czech Koruna	**27.72**	29.57	**27.66**	28.83
Hungarian Forint	**453.41**	433.28	**433.34**	462.64
Malaysian Ringgit	**5.41**	5.63	**5.91**	5.33
Australian Dollar	**1.79**	1.83	**1.91**	1.76

16. Share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 1 July 2021	174,242,702	17.4
Shares bought back on-market and cancelled	(185,374)	—
At 30 June 2022 and 30 June 2023	**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.

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

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 £6.5 million (2022: £6.4m) were payable by the Group to pension schemes established for the benefit of its employees. At 30 June 2023, £0.6 million (2022: £0.5m) 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:

	2023	2022
	£m	£m
Short-term employee benefits	**2.5**	2.2
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.3**	—
Total	**2.9**	2.3

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 2022 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 person-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 profit/(loss) and adjusted EBITDA

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

	2023	2022
	£m	£m
Operating profit/(loss)	**10.3**	(27.1)
Add back: operating loss from discontinued operations	**—**	0.4
Operating profit/(loss) from continuing operations	**10.3**	(26.7)
Exceptional items (note 4)	**0.8**	(0.4)
Amortisation of intangibles	**2.4**	2.6
Adjusted operating profit/(loss) from continuing operations	**13.5**	(24.5)
Depreciation of property, plant and equipment	**16.8**	16.9
Depreciation of right-of-use assets	**3.8**	4.0
Adjusted EBITDA	**34.1**	(3.6)

Adjusted profit/(loss) before tax and adjusted loss for the year

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

	2023	2022
	£m	£m
Loss before tax	**(15.1)**	(35.7)
Add back: loss before tax from discontinued operations	**—**	0.4
Loss before tax from continuing operations	**(15.1)**	(35.3)
Exceptional items (note 4)	**13.0**	3.1
Amortisation of intangibles (note 10)	**2.4**	2.6
Adjusted profit/(loss) before tax from continuing operations	**0.3**	(29.6)
Taxation (note 7)	**(0.3)**	9.3
Adjusted loss for the year from continuing operations	**—**	(20.3)

Adjusted loss per share

Adjusted loss per share is based on the Group's loss for the year adjusted for the items excluded from operating profit/(loss) in arriving at adjusted operating profit/(loss), 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:

	2023	2022
	£m	£m
Net cash generated from/(used in) operating activities	**11.1**	(32.0)
Add back:		
Taxation paid	**1.8**	0.1
Interest paid	**11.4**	3.3
Refinancing costs paid	**12.3**	1.8
Cash outflow from exceptional items	**1.4**	4.1
Free cash flow	**38.0**	(22.7)
Adjusted EBITDA	**34.1**	(3.6)
Cash conversion %	**111%**	n/a

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 profit/(loss) 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:

	2023 **£m**	2022 £m	2021 £m
Goodwill (note 10)	**19.7**	19.7	19.7
Other intangible assets (note 10)	**6.5**	7.3	8.2
Property, plant and equipment (note 10)	**117.8**	122.9	129.8
Right-of-use assets (note 10)	**8.5**	11.3	10.0
Inventories	**121.5**	118.9	92.9
Trade and other receivables	**145.7**	145.4	117.9
Trade and other payables	**(219.6)**	(206.9)	(169.2)
Capital employed	**200.1**	218.6	209.3
Average year-end capital employed	**209.4**	214.0	208.7
Adjusted operating profit/(loss) from continuing operations	**13.5**	(24.5)	24.1
Adjusted return on capital employed %	**6.4%**	(11.4)%	11.5%

Liquidity

Liquidity means, at any time, without double counting, the aggregate of:

(a) cash;
(b) cash equivalents;
(c) the available facility at that time, which comprises the headroom available in the RCF and other committed facilities; and
(d) the aggregate amount available for drawing under uncommitted facilities.

	2023 **£m**	2022 £m
Cash and cash equivalents	**1.6**	4.5
RCF headroom	**40.0**	55.1
Other committed facilities headroom	**17.5**	—
Uncommitted facilities	**0.2**	11.0
Liquidity	**59.3**	70.6

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:

	2023	2022
	£m	£m
Current assets		
Cash and cash equivalents	**1.6**	4.5
Current liabilities		
Borrowings	**(49.3)**	(60.5)
Lease liabilities	**(3.5)**	(3.9)
	(52.8)	(64.4)
Non-current liabilities		
Borrowings	**(109.8)**	(96.4)
Lease liabilities	**(5.5)**	(8.1)
	(115.3)	(104.5)
Net debt	**(166.5)**	(164.4)

Annual General Meeting

The Annual General Meeting will be held on 20 November 2023.

Annual Report and Accounts

Copies of the Annual Report and Accounts 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.