c&c group plc

RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

21 October 2020 | London, Dublin: C&C Group plc ('C&C' or the 'Group'), a leading, vertically integrated premium drinks company which manufactures, markets and distributes branded beer, cider, wine, spirits and soft drinks across the UK and Ireland announces unaudited results for the six months ended 31 August 2020 ("H1'21").

Stewart Gilliland, C&C Group Interim Executive Chairman:

"*Driven by strong demand in the off-trade and the gradual reopening of the on-trade in our core markets, the business returned to profit generation in July through to September. The outbreak of COVID-19 coincided with our financial year end and has meant that the entire six month performance being reported today, was impacted. Although we expect the pace of recovery will continue to vary, as the largest independent alcohol distributor across the UK and Ireland, our business is structurally integral to the markets we serve. Our near term focus is securing our position and enhancing the performance of the business, while positioning C&C to deliver for customers and shareholders over the long term."*

H1'21 FINANCIAL OVERVIEW

€m except per share items	Including IFRS 16 Leases		Excluding IFRS 16 Leases	
	H1'21	H1'20	H1'21	H1'20
Net Revenue(i)	386.7	866.1	386.7	866.1
Adjusted EBITDA(i)(ii)	4.9	79.9	(6.3)	71.0
Operating (loss)/profit(i)(iii)	(11.7)	64.4	(14.0)	63.3
Operating Margin	NM	7.4%	NM	7.3%
Exceptional Costs (post tax)	(6.8)	(2.0)	(6.8)	(2.0)
Basic EPS (cent)	(10.4)	15.5	(10.5)	15.7
Adjusted diluted EPS (cent)(iv)	(8.2)	16.0	(8.3)	16.3
Dividend per share (cent)	-	5.5	-	5.5
Free cash flow(iii)(v)	(28.4)	90.9	(38.0)	80.6
Net Debt(vi)	371.6	343.6	287.0	255.4

- Net revenue declined 55.4%(i) to €386.7m resulting in an operating loss(iii) of €11.7m.
- Revenue growth of 15.6%(i) in off-trade in H1'21 compared to prior year.
- Free cash flow(v) outflow was limited to (€28.4m) pre-exceptionals as a result of cost control measures implemented, reduction in capital investment, marketing investment and working capital management.
- Exceptional charges reflect financing costs relating to COVID-19 covenant waivers, operational costs incurred relating to uplifting stock from customers and our share of Admiral Taverns' exceptional COVID-19 provisions.
- COVID-19 provisions created in February remain intact, we remain of the view that these provisions are adequate and appropriate.
- The Group returned to profitability in July and August.

STRONG LIQUIDITY POSITION
- Net debt increased from €326.9m as at 29 February 2020 to €371.6m (€233.6m to €287.0m excluding IFRS16) with a €36m working capital outflow attributable to the phasing of our Debtor Securitisation facility.
- Available liquidity at the end of August 2020 has been maintained flat in line with our 3rd June update, with cash on hand/RCF headroom of €415m excluding our unutilised Debtor Securitisation Facility and any available short-term funding through the Covid Corporate Financing Facility "CCFF".
- Current liquidity as of 20th October, excluding CCFF and Debtor Securitisation is €387m.
- Significant covenant headroom with waivers extended until February 2022.
- The Group is well placed to fund the business through this extraordinary period.

OPERATIONAL HIGHLIGHTS
- Supply chain and production facilities remained fully operational through COVID-19.
- Market share volume gains in the off-trade for the Tennent's, Bulmers and Magners brands(vii).
- Matthew Clark and our Matthew Clark Live ecommerce platform awarded, 'Best Business to Business' and 'Best Food & Drinks' ecommerce sites at the UK Ecommerce Awards 2020.
- Commitment to delivering industry leading customer service levels evident in achievement by Bibendum of "Drinks Business of the Year" award at the 2020 Drinks Business Awards.
- Continued investment into innovating our core brands and wider portfolio offering.
- On-going focus on operating cost efficiencies to better align the cost base with current operating environment.

STRATEGIC DEVELOPMENTS

- Appointment of David Forde as Group CEO and Patrick McMahon as Group CFO.
- Strength and progress of our brand-led wholesale model demonstrated through:
  - Appointed exclusive distributor of Budweiser on the island of Ireland; launched new brand identity.
  - Appointed exclusive distributor and representative of Tito's Handmade Vodka in the UK, the #1 selling spirit brand in the USA[(xix)].
- Continued optimisation of the Group's distribution networks in Scotland, England and Wales.

SUPPORT FOR THE ON-TRADE

- Extensive support for the hospitality sector including measures to facilitate re-opening, increased flexibility in delivery days and times, 'new for old keg' replacement process, availability of key lines secured with supply partners, and assistance with hygiene measures.
- The Group continued to deliver industry leading levels of service.
- Liquidity support of €7m into Admiral Taverns to support their tenants and the on-trade. Admiral Taverns now has sufficient liquidity to manage further restrictions.

ESG COMMITMENTS

- Board ESG Sub-Committee established comprising Executive and Non-Executive Directors, with meetings attended by ESG Associates appointed from each business unit.
- CO2 capture process at Wellpark Brewery to be completed in H2'21, which will further reduce CO2 emissions.
- As an early supporter of MUP in Scotland and encouraged by its positive societal impact, C&C continues to support its introduction in the UK and Ireland.

CURRENT TRADING & OUTLOOK

- Liquidity position remains robust and we have begun to take action to permanently right-size our fixed cost base.
- September continued the return to profitability for the Group, however October is challenged by further on-trade restrictions in both the UK and Ireland.
- Near term outlook for the on-trade sector remains challenging and uncertain, with the key Christmas trading period likely to be impacted by continuing restrictions across the hospitality industry.
- Off-trade channel performing strongly; continuing to benefit from a temporary shift in consumption dynamics.
- Brexit plans readied for a potential no trade deal exit outcome on 31 December 2020.
- Disposal of non-core Tipperary Water Cooler business in Ireland.

Stewart Gilliland, C&C Group Interim Executive Chairman:

"Throughout COVID-19, our priority has, and continues to be, the health and wellbeing of our people, customers, suppliers, business partners and local communities. Thanks to the collective work of our colleagues and suppliers, together with the extensive measures we have implemented, in all our offices, depots and production facilities, the Group's supply chain and production has not been impacted. We continue to support the hospitality sector on measures to facilitate re-opening in line with government guidelines and public health advice.

It is encouraging to see the business return to profit alongside the reopening of the on-trade in July. Our core local brands, Bulmers, Magners and Tennent's, have demonstrated the inherent strength of their customer appeal, winning market share in the off-trade channel over the past six months. However, the outlook for the on-trade sector remains challenging with limited near-term visibility.

We expect to see reduced volumes in the on-trade continue for the near term partially offset by increases in the off-trade. We are adapting to this temporary change in consumption dynamics and whilst it will invariably reduce short term profitability, we fundamentally believe in the medium and long term outlook for the on-trade channel. The scale, reach and customer focus of the Group's brand-led distribution model should, in time, enable us to translate any improvement within this channel into superior profitability.

Importantly, in terms of ensuring the Group's ability to trade effectively through this extraordinary period, we have enhanced our liquidity position, diversified our sources of funding, extended our borrowing facilities while reducing operating costs and maximising available cash flow.

We remain confident in the inherent strength of our local brands, our unparalleled route to market and the medium to long term prospects for C&C."

ENDS

OPERATING REVIEW

Great Britain

€m constant currency[i]	H1'21	H1'20	Change %
Net revenue	103.9	165.9	(37.4%)
- Price/Mix impact			*(21.9%)*
- Volume impact			*(15.5%)*
Operating profit[iii]	6.2	24.4	(74.6%)
Operating margin	*6.0%*	*14.7%*	
Volume (kHls)	1,154	1,365	(15.5%)
- of which Tennent's	*407*	*499*	*(18.4%)*
- of which Magners	*300*	*304*	*(1.3%)*

Market insight

The on-trade channel was materially impacted in the period due to the worsening impact of the virus from late February into H1'21 and the consequent lockdown restrictions between March and July, with phased re-openings and localised lockdowns continuing thereafter. The latest 12 month market data indicates that lager volume in the Scottish on-trade declined 39.2% and -80.9%[viii] for the latest 6 months. As a result there has been an immediate shift in consumption dynamics to the off-trade, where lager in the Scottish off-trade increased 17.0% for the MAT and +31.9% on the latest 6 months[ix].

The latest 12-month GB cider market volumes are +2% whilst value is -8%[ix][xx]. Cider also seeing a channel switch to the off-trade with off-trade volumes (+13%)[viii] outperforming the on-trade (-36%)[ix].

Operational performance

Wellpark Brewery and our logistical network remained fully operational throughout the period. Adapting to the immediate shift in consumption dynamics the Group reallocated resources, to meet the increased demand in the off-trade channel. Consequently, we rationalised our branded SKU range to ensure continuity of supply over the period. COVID-19 has accelerated the development of our digital capabilities which will grow online's share of on-trade revenue from its current 38%.

A proactive and constructive dialogue was maintained with our on-trade customers during this time of extraordinary challenges for the industry. In turn, moratoriums on capital loan book repayments during the period of lockdown were agreed, with the majority of these unwound by 31 August 2020.

Following the re-opening of the on-trade in July 2020, as at 31 August 2020, the business was trading with 78% of the outlets it traded with at 31 August 2019.

Tennent's

Tennent's off-trade volume share of lager in Scotland increased +0.7% to 26.1% for the latest 12 months, with share growth accelerating to +1.3%, and delivering volume share of 26.4% for the latest 6 months[ix]. The closure of the on-trade resulted in Tennent's on-trade volumes declining 64.8% compared to H1'20. Volumes have recovered strongly since trade recommenced, with distribution points currently tracking at 81%, however, with a rate of sale reduction due to social distancing and lower footfall.

We have continued to invest and strengthen our brand innovation, with the launch of Tennent's Light in March 2020 to meet evolving health conscious and wellbeing consumer trends. The brand is in over 300 outlets in the on-trade and was launched in the off-trade in July with products listed in over 1,000 multiple retail and convenience stores. In addition, Tennent's Zero, a 0% lager was launched in the off-trade in October with multiple retailers.

Magners and GB cider portfolio

Total Magners volumes declined 1.3% in H1'21. Growth in volumes via BBG has been driven by the off-trade, where total Magners volumes gained market share with volumes up +15% for the latest 12 months against the GB off-trade cider volume growth of +13%[ix]. Off-trade Magners volumes +27.4% over 6 months against GB off-trade cider volume growth of +25.5%[xiii].

Wholesale distribution and wine
Volumes have decreased 63.2% in H1'21. The service issues experienced in FY2020 due to a newly implemented warehouse management system have now been addressed. Our direct-to-store convenience solution has had a robust performance in H1'21 with revenues growing +71%. This was driven by strong availability of key brands and service supported by an online platform. In addition, 'Tennent's Rewards' was launched, a new convenience retailer loyalty scheme. This will be supported by direct in-store promotion and advice to enhance sales and profit for the end retailer. The scheme also supports member retailers and trade groups, with trade information, point of sale and incentives.

Financial performance
Net revenue for the GB division decreased 37.4% to €103.9m in the period driven by the closure of the on-trade and volume moving into the lower margin off-trade channel. As a result, operating profit has reduced by €18.2m to €6.2m.

Ireland

€m constant currency[i]	H1'21	H1'20	Change %
Net revenue	90.7	120.3	(24.6%)
- Price/Mix impact			*(15.4%)*
- Volume impact			*(9.2%)*
Operating profit[iii]	1.6	25.7	(93.8%)
Operating margin	*1.8%*	*21.4%*	
Volume (kHls)	680	749	(9.2%)
- of which Bulmers	*176*	*209*	*(15.8%)*

Market insight

As result of COVID-19 and the ensuing restrictions, long alcoholic drink (LAD) volumes in the Republic of Ireland are significantly down, driven by the closure of the on-trade. Restaurants and food led pubs re-opened on 29 June. Since then there has been a steady increase in the number of sites trading and a gradual increase in trading levels, with national COVID-19 restrictions switching to localised restrictions. The off-trade has picked up volume share gains, as consumption dynamics have changed with volume +24.6%[xi] on a MAT basis. The off-trade growth has increased on a 6 month basis to +46.7%[xi], this has softened in the latest 3 months to +38.1%[xi] as the on-trade gradually re-opens.

As a result of COVID-19, larger brands have performed well[xii], while own label[xiii] and niche[xiv] have suffered. Retail habits[xv] have evolved; frequency, basket-size and outlet choices have changed. Convenience channel was and remains the highest growth channel, with growth in rural areas at the expense of larger cities/urban areas[xvi].

The Group remains an active supporter of the introduction of Minimum Unit Pricing in Ireland and awaits clarification on the timeframe for its implementation.

Operational Performance

The business has taken a number of significant actions in H1'21 to create the right platform from which to re-emerge stronger in the second half of the year.

- From 1st July, the Group assumed exclusive distribution of the Budweiser brand in Ireland and launched the new brand identity. The addition of Budweiser means the Group is now distributing BBG's full beer portfolio in the Island of Ireland.
- To strengthen our customer service, the Group launched a new online ordering platform and customer portal system in Ireland, 'Bulmers Direct'.

Our Clonmel manufacturing facility continued to be fully operational through the period to meet the increased demand in the off-trade. Our depot network also remained open to fulfil deliveries, operating with a reduced headcount. We have worked proactively with our customer and supplier base to support the hospitality sector throughout lockdown and through the reopening phase, by providing flexibility with delivery days and order sizes; a 'new for old keg' replacement process and our C&C Hygiene initiative, which is helping 500 on-trade customers.

In Ireland, the on-trade began re-opening from the end of June, however through a combination of local and subsequent national restrictions the on-trade has not been allowed to fully re-open since March. As at August 2020, the business was trading with 47% of the outlets it traded with in August 2019.

Cider

Bulmers has gained share in the off-trade LAD category in both volume and value share in the latest 6 month market data, growing +0.4% and +0.2% respectively[xi]. In addition, the latest brand health scores confirm Bulmers is ranked the No.1 cider brand in Ireland across all measures and the No.3 brand in LAD[xvii]. Bulmers off-trade volumes are up +42.4% in H1'21 against H1'20, driven mainly through the convenience channel which has significantly outperformed. The performance in the off-trade has moderated as the on-trade has re-opened.

Wholesale distribution and wine

The wholesale channel has been significantly impacted with the majority of the 4,600 outlets it serves closed during H1'21, this is reflected in volumes -41.5% against H1'20. Conversely the wine business has performed strongly with volumes +11.3% in H1'21, performance has been driven by the off-trade and buoyed by Summer "staycations".

Financial performance

Net revenue performance in H1'21 is -24.6% against H1'20. The performance has been driven by volume decline in the on-trade, which has resulted in an operating profit of €1.6m in H1'21 against €25.7m in H1'20.

Non-core disposal

As part of a strategic review, in October, the business has divested of the non-core Tipperary Water Cooler business, for an initial consideration of €7.4m. Further consideration may be payable and is dependent on further revenue targets being met.

Matthew Clark and Bibendum

€m constant currency[i]	H1'21	H1'20	Change %
Net revenue	179.0	558.6	(68.0%)
- Price/Mix impact			*(4.5%)*
- Volume impact			*(63.5%)*
Operating (loss)/profit[iii]	(19.5)	11.5	(269.6%)
Operating margin	*NM*	*2.1%*	
Volume (cases k 9L)	5,842	16,008	(63.5%)

In aggregate, Matthew Clark and Bibendum form the UK's No.1 drinks distribution business to the UK licensed on-trade. Matthew Clark is the leading independent composite drinks distributor with unrivalled product breadth across all categories.

Market Insight
In the latest market data to the end of August 20, 23% of the pre COVID outlet base have yet to return to trading from the same 8 week period last year with total value sales on the same basis are -39% year on year[xviii]. As the on-trade has recovered, food and community pub sales have recovered fastest, this has been driven by outlet re-openings and rate of sale while city centre outlets are more relatively impacted[xviii].

Operational Performance
The on-trade has been severely impacted from COVID-19 and related restrictions and changes to consumer behaviour across the UK hospitality sector with the nationwide lockdown seeing only a fraction of our customers trading during this period. Localised lockdowns and social restrictions have continued to influence the trading environment.

Since trade recommenced in early July, we had seen steady week-on-week trading progress during H1. This growth has been supported by increased 'staycations' due to international travel restrictions and the Government's Eat Out to Help Out 'EOTHO' initiative. At the end of August, on trade volumes for that month were 53% of the same period of the prior year, with 76% of the distribution points trading despite areas of the hospitality space remaining closed.

Bibendum off-trade has seen net sales increase by €5.1m (+12.8%) compared to the prior year, with throughput increased across the customer base, notably the grocery retailers, as consumers switch to take-home options.

Matthew Clark and our Matthew Clark Live ecommerce platform was awarded, 'Best Business to Business' and 'Best Food & Drinks' ecommerce sites at the UK Ecommerce Awards 2020. Bibendum was named "Drinks Business of the Year" at the 2020 Drinks Business Awards.

Customers
All depots remained operational during lockdown with reduced headcounts. This included supplying hotels housing NHS staff during lockdown. In addition, the capacity in the network was used to supply off-trade customers for one of our key suppliers. Ensuring the depot network remained open has allowed the business to react quicker to trade recommencing and ensuring that stock is in place as demand requires.

We have worked with our suppliers and customers to manage the respective working capital pressures being experienced throughout the industry. The business negotiated temporary extensions to supplier payments terms which were then passed onto the customer base over the period of lockdown. As at H1'21 the majority of these extensions have been repaid and received in full.

We continued to support and service our customer base through lockdown. As trade recommenced in July we responded with prompt and timely solutions to outlet challenges including minimum order quantities; targeted back to trade promotions; administration of the national brewers 'new for old' scheme and debt management.

Post lockdown we have witnessed an uplift in Ecommerce, with online orders already at pre COVID-19 levels despite reduced trading overall. We anticipate this trend to continue and have continued to invest to improve our offer through this channel.

Customer service and satisfaction levels have been impacted, with On Time in Full deliveries (OTIF) as at end August 2020 at 87% (August 2019: 96%), mainly impacted by some limited stock availability, however, given the exceptional circumstances this is viewed as most satisfactory and an industry leading performance.

Suppliers

The supplier base has been supportive throughout COVID-19, with most agreeing to extend payments and collecting excess stock. All payment plans were completed by 30 September. We have continued to work closely since trade has recommenced, with back-to-trade promotions and working with credit insurers to bring limits back to a level that will support on-going trade.

In August, the Group was selected to exclusively distribute and represent the Tito's Handmade Vodka brand in the UK, effective 01 September. Tito's is ranked the number 1 spirit in the USA[xix].

Financial Performance

Net revenue is down 68.0% principally driven by reduced volume from the impact of COVID-19 on the on-trade restrictions, resulting in an operating loss of €19.5m.

International

€m constant currency[(i)]	H1'21	H1'20	Change %
Net revenue	13.1	21.3	(38.5%)
- Price/Mix impact			*(0.4%)*
- Volume impact			*(38.1%)*
Operating profit[(iii)]	-	2.8	(100.0%)
Operating margin	*NM*	*13.1%*	
Volume (kHls)	83	134	(38.1%)

Operational performance
H1'21 overall volume decline was driven by COVID-19 particularly travel restrictions and the closure of the on-trade implemented across APAC, EMEA and the US. While there are early signs of recovery in a number of regions as restrictions have been lifted, the impact on the tourist industry has resulted in a sharp decline in H1, in line with the peak summer trading period.

Europe and Africa
Performance across Central and Eastern Europe reflected a significant volume decline in Q1, when most markets faced restrictions due to the impact of COVID-19. As the year progressed volumes stabilised in France, Germany and Italy, albeit they remain suppressed compared to prior year due to the virus, while the Nordics have performed positively throughout due to a strong off-trade presence. The main tourist regions, however, have not seen a recovery in time to benefit from summer trade, with Spain and the Mediterranean particularly effected by the ongoing uncertainty, and subsequently recording declines. Overall EMEA volumes were 27.5khl, -58.1% vs H1'20.

Asia Pacific
A new distributor for Magners in South Korea has performed positively year to date and, alongside China, driving overall growth in Asia Pacific. Elsewhere in Asia, volume performance has been moderate, impacted by COVID-19. We continue to shift focus towards larger markets that can deliver sustainable brand growth. Australia and New Zealand performed strongly, however volume is down compared to H1'20. Overall APAC volumes were 18.1khl, +17.9%.

North America
Total volumes in H1'21 were down -29.0%, mainly driven in Q1 with volumes beginning to recover in Q2 as lockdown restrictions eased. An uplift in off-trade volumes has helped ease the impact of the loss of on-trade volumes, with a considerable manufacturing uplift in off-trade SKUs resulting in all staff returning from furlough by the 1st August 2020.

Financial performance
Revenues of €13.1m in H1'21 are -38.5% against H1'20, this has been driven by reduced volumes and has resulted in a breakeven operating position against €2.8m operating profit in H1'20.

Notes

Footnotes included at the bottom of each operating section

(i) H1'20 comparative adjusted for constant currency (H1'20 translated at H1'20 F/X rates) as outlined on page 15.
(ii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, share of equity accounted investments profit/loss after tax, tax, depreciation and amortisation charges. A reconciliation of the Groups operating loss to adjusted EBITDA is set out on page 13.
(iii) Excluding exceptional items.
(iv) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Refer to note 5 of the Condensed Consolidated Interim Financial Statements.
(v) Free Cash Flow that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €89.4m (31 August 2019: €159.9m) to closing cash. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 13.
(vi) Net debt comprises borrowings (net of issues costs) less cash. Net debt, including the impact of IFRS 16 Leases, comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Refer to note 9 of the Condensed Consolidated Interim Financial Statements.
(vii) IRI 26 weeks to 09.08.20 and Nielsen (Ireland), Off Trade Share, 6 months to August 2020
(viii) CGA MAT and 24 week data to 05.09.2020.
(ix) IRI MAT 09.08.20.
(x) PROOF (GB On trade Review) August 2020.
(xi) AC Nielsen (Ireland) August 2020.
(xii) Top 10 Brands have gained share in last 6 months (Nielsen, Off Trade, August 2020)
(xiii) Private Label share of LAD declined -0.4% to 7.5% of LAD in last 6 months (Nielsen, Off Trade, August 2020).
(xiv) The Top 10 Brands have gained share as smaller brands have seen share declines (Nielsen, Off Trade, August 2020).
(xv) Main weekly grocery shop is primary driver of a store visit, this increased with COVID-19 but top ups and immediate use are beginning to return to pre-COVID levels. (Source: Shopper Intelligence, September 2020).
(xvi) Convenience LAD volume in last 6 months increased 60.3% and increased share + 4.0% to 47.6% of total off trade volume (Source: Nielsen, August 2020).
(xvii) YouGov MAT Aug 2020.
(xviii) CGA: On Trade Market Recovery Update (OPM), 8 weeks to 05.09.2020.
(xix) Tito's number 1 spirit in USA (IWSR US Beverage Alcohol Review January 2020)
(xx) CGA MAT 11.07.20

Conference call details | Analysts & Institutional Investors

C&C Group plc will host a live conference call and webcast, for analysts and institutional investors, today, 21 October 2020, at 08:30 BST (03:30 ET). Dial in details are below for the conference call. The webcast can be accessed on the Group's website: www.candcgroupplc.com.

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For all conference call replay numbers, please contact FTI Consulting.

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About C&C Group plc

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

- C&C Group's portfolio of owned/exclusive brands include: Bulmers, the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners the premium international cider brand; as well as a range of fast-growing, super-premium and craft ciders and beers, such as Heverlee, Menabrea, Five Lamps and Orchard Pig. C&C exports its Magners and Tennent's brands to over 40 countries worldwide.
- C&C Group has owned brand and contract manufacturing/packing operations in Co.Tipperary, Ireland; Glasgow, Scotland; and Vermont, US, where it manufactures Woodchuck, a leading craft cider brand in the United States.
- C&C is the No.1 drinks distributor to the UK and Ireland hospitality sectors. Operating under the Matthew Clark, Bibendum, Tennent's and C&C Gleeson brands, the Group supplies over 35,000 pubs, bars, restaurants and hotels, and is a key route-to-market for major international beverage companies.
- C&C Group also has an investment in the Admiral Taverns tenanted pub group, which owns c. 950 pubs across England & Wales.

C&C Group is headquartered in Dublin and is listed on the London Stock Exchange.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on page 16 that could cause actual results to differ materially from those anticipated.

Financial review

A summary of results for the six months ended 31 August 2020 is set out in the table below:

	Period ended 31 August 2020(i) €m	Period ended 31 August 2019(i) €m	CC Period ended 31 August 2019(i)(ii) €m
Net revenue	**386.7**	874.9	866.1
Operating (loss)/profit	**(11.7)**	64.9	64.4
Net finance costs	**(10.3)**	(10.2)	
Share of equity accounted investments' (loss)/profit after tax	**(3.4)**	1.9	
(Loss)/profit before tax	**(25.4)**	56.6	
Income tax expense	**-**	(6.7)	
(Loss)/profit for the financial period	**(25.4)**	49.9	
Basic EPS	**(10.4) cent**	15.5 cent	
Adjusted diluted EPS(iii)	**(8.2) cent**	16.0 cent	

COVID-19 and its outbreak at our year end date, 29 February 2020, has impacted our customers, the entire drinks and hospitality sector and of course it has had a material impact on our results for the six months to 31 August 2020.

The Group reports an operating loss, before exceptional items, of €11.7m for the six month period. The Group returned to profit generation in July and August as the on-trade slowly started to reopen and the strong demand in the off-trade continued. Our core brands have performed relatively well given the circumstances with share growth a feature across all three.

The Group maintains a robust liquidity position with available liquidity of €415.4m at the end of August 2020. Our lenders remain supportive with covenants waived until February 2022. Working capital has been tightly managed and the Group is well placed to fund the business through this unprecedented time.

Finance costs, income tax and shareholder returns

Net finance charges before exceptional items of €10.3m (31 August 2019: €10.2m) were incurred in the six months ended 31 August 2020. During the period, the Group successfully negotiated financial covenant waivers directly as a consequence of the impact of COVID-19 with its lenders. Exceptional finance charges of €2.9m were incurred directly associated with these waivers including waiver fees, increased margins payable and other professional fees directly associated with the covenant waivers.

Income tax credit for the period was €0.2m (31 August 2019: charge €5.7m). The current period credit was with respect to exceptional items (31 August 2019: €6.7m charge before exceptional items and a credit of €1.0m with respect to exceptional items). In line with IAS 34 *Interim Financial Reporting* the effective tax rate for the period ended 31 August 2020 was 0.7% excluding share of equity accounted investments. The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations and carried forward losses on which no deferred tax has been recognised.

Due to the emergence of COVID-19, no final dividend was paid with respect to FY2020 and no interim dividend is being declared with respect to FY2021. In the prior financial period, a final dividend of 9.98 cent per ordinary share was paid to shareholders on 19 July 2019 equating to a distribution of €30.8m, of which €18.3m was paid in cash and €12.5m as a scrip alternative.

Exceptional items

The Group has incurred exceptional costs on a before tax basis of €7.0m in the current financial period. This includes €2.9m of exceptional finance charges as outlined above. Also included are costs of €2.6m directly related to the COVID-19 pandemic. These costs primarily related to keg repatriation costs in light of the closure of on-trade premises and the write off of an IT intangible asset where the project will now not be completed, as a direct consequence of COVID-19. The Group has also accounted for its share of exceptional items (€1.3m) with respect to its equity accounted investments, all of which again were incurred as a direct consequence of the pandemic.

Summary cash flow for the six months ended 31 August 2020 is set out in the table below. Overall liquidity remains robust. The reduction in the Group's receivables purchase programme, as a direct consequence of reduced trading, is the primary driver of the working capital outflow in the period. The contribution to period end Group cash from the receivables purchase programme was €89.4m compared to €131.4m at 29 February 2020 (this represents a cash outflow of €36m on a constant currency basis in the six month period to 31 August 2020).

	Six months ended 31 August 2020	Six months ended 31 August 2019
	€m	€m
Operating (loss)/profit	**(14.5)**	59.3
Exceptional items	**2.8**	5.6
Operating (loss)/profit before exceptional items	**(11.7)**	64.9
Amortisation and depreciation charge	**16.6**	15.5
Adjusted EBITDA(iv)	**4.9**	80.4
Cash flow summary		
Adjusted EBITDA	**4.9**	80.4
Tangible / intangible net expenditure	**(5.5)**	(7.4)
Advances to customers	**(0.4)**	(1.0)
Working capital movement	**(25.7)**	24.1
Income taxes received/(paid)	**5.7**	(1.2)
Exceptional items paid	**(2.8)**	(7.1)
Net finance costs	**(7.6)**	(5.2)
Exceptional finance costs paid	**(1.2)**	-
Pension contributions paid	**(0.2)**	(0.2)
Other*	**0.4**	1.4
Free Cash Flow(v) (FCF)	**(32.4)**	83.8
FCF exceptional cash outflow	***4.0***	*7.1*
FCF excluding exceptional cash outflow	**(28.4)**	90.9
Reconciliation to Condensed Consolidated Cash Flow Statement		
Free Cash Flow	***(32.4)***	*83.8*
Cash outflow re acquisition of equity accounted investments	***(6.8)***	*(0.5)*
Proceeds from sale of equity accounted investment	**-**	*6.1*
Shares purchased to satisfy share option entitlements	**-**	*(0.4)*
Proceeds from exercise of share options/equity interests	**-**	*0.4*
Shares purchased under share buyback programme	**-**	*(11.3)*
Payment of issue costs	***(1.4)***	*(0.5)*
Dividends paid	**-**	*(18.3)*
Payment of lease liabilities	***(9.6)***	*(10.3)*
Drawdown of debt	***351.6***	*133.4*
Repayment of debt	***(216.7)***	*(88.0)*
Net increase in cash	***84.7***	*94.4*

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

Pensions

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

At 31 August 2020, the Group is reporting a net retirement benefit surplus of €6.8m (31 August 2019 deficit: €14.9m, 29 February 2020 deficit: €7.9m). All schemes are closed to new entrants. There are 2 active members in the Northern Ireland ('NI') scheme and 55 active members (less than 10% of total membership) in the Republic of Ireland ('ROI') schemes. The Group has an approved funding plan in place, the details of which are disclosed in note 11 of the Condensed Consolidated Interim Financial Statements. Arising from the formal actuarial valuations of the main schemes the Group has committed to contributions of 27.5% of pensionable salaries. In the short term deficit contributions are not required for the Group's staff defined benefit pension scheme.

There is no funding requirement with respect to the Group's executive defined benefit pension scheme or the Group's NI defined benefit pension scheme, both of which are in surplus. The funding requirement will be reviewed again as part of the next triennial valuation in January 2021.

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

	€m
Net deficit at 1 March 2020	**(7.9)**
Employer contributions paid	**0.2**
Experience gains and losses on scheme liabilities	**0.9**
Effect of changes in financial assumptions	**14.5**
Actual return less Interest income on scheme assets	**(0.2)**
Current service cost	**(0.4)**
Translation adjustment	**(0.3)**
Net pension surplus at 31 August 2020	**6.8**

The change from a net deficit of the Group's defined benefit pension schemes at 29 February 2020, to a net surplus at 31 August 2020, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to an increase in the discount rate over the six-month period. This reflects an increase in Corporate bond yields over the same period.

Foreign currency and comparative reporting

		Six month period ended 31 August 2020	Six month period ended 31 August 2019
Translation exposure	Euro:Stg£	**0.894**	0.884
	Euro:US$	**1.124**	1.123

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

The impact of restating currency exchange rates on the results for the period ended 31 August 2019 is as follows:

	Period ended 31 August 2019 €m	FX Transaction €m	FX Translation €m	Period ended 31 August 2019 Constant currency comparative €m
Revenue				
Ireland	172.6	-	(0.4)	**172.2**
Great Britain	263.2	-	(3.0)	**260.2**
International	21.8	-	-	**21.8**
Matthew Clark and Bibendum	635.5	-	(7.4)	**628.1**
Total	**1,093.1**	**-**	**(10.8)**	**1,082.3**
Net revenue				
Ireland	120.6	-	(0.3)	**120.3**
Great Britain	167.8	-	(1.9)	**165.9**
International	21.3	-	-	**21.3**
Matthew Clark and Bibendum	565.2	-	(6.6)	**558.6**
Total	**874.9**	**-**	**(8.8)**	**866.1**
Operating profit[(i)]				
Ireland	25.8	-	(0.1)	25.7
Great Britain	24.7	-	(0.3)	24.4
International	2.8	-	-	2.8
Matthew Clark and Bibendum	11.6	-	(0.1)	11.5
Total	**64.9**	**-**	**(0.5)**	**64.4**

Notes to the Finance Review are set out below.

(i) Before exceptional items.
(ii) H1'20 comparative adjusted for constant currency (H1'20 translated at H1'21 F/X rates) as outlined on page 15.
(iii) Adjusted basic/diluted (loss)/earnings per share ('EPS') excludes exceptional items. Refer to note 5 of the Condensed Consolidated Interim Financial Statements.
(iv) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, share of equity accounted investments' (loss)/profit after tax, tax, depreciation and amortisation charges. A reconciliation of the Group's operating (loss)/profit to EBITDA is set out on page 13.
(v) Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €89.4m (29 February 2020: €131.4m; 31 August 2019: €159.9m) to closing cash. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 13.

Principal risks and uncertainties

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

The Directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain substantially the same as those stated on pages 13 to 20 of the Group's Annual Financial Statements for the year ended 29 February 2020, which are available on our website, http://www.candcgroupplc.com.

Since publication of the FY2020 Annual Report, negotiations have continued between the EU and the UK in relation to the UK's departure from the EU. It is currently unclear as to the terms of departure and we are therefore taking the appropriate steps to put contingency plans in place to prepare the Group for the possibility of a 'no deal' scenario and the potential for an abrupt departure from the EU. We have undertaken a detailed analysis of the risks and operational challenges to our business from a no-deal Brexit and their potential impact on the business and have contingency planning in place to substantially mitigate these risks and challenges.

Prior to the year end, the emergence of COVID-19 began to have an impact on global economies and on businesses generally. This impact has increased significantly since the end of the 2020 financial year on 29 February. Similar to businesses across many sectors and specifically the drinks industry, Government imposed restrictions, while necessary to slow the spread of COVID-19, have had a significant impact on many of the Group's outcomes, principally the on-trade, as well as the Group's employees, many of whom have been furloughed. Our primary concern is for the welfare of our people, their families and the communities in which we operate. To that end, we have followed the advice from the respective governments at all times and will continue to do so to protect our people and our operations.

The Audit Committee and the Board have assessed the current and potential impact of COVID-19 on the business and worked closely with the executive team to put in place near-term measures to protect the business and its prospects, in the best interests of all stakeholders. The Board is closely monitoring the development of COVID-19 and the guidance of Governments and health authorities; and is overseeing all business continuity actions being undertaken by the Group's management team.

Directors' responsibility statement in respect of the half-yearly financial report for the six months ended 31 August 2020

We confirm our responsibility for the half-yearly financial report in accordance with the Transparency Directive (2004/109/EC) Regulations 2007 and the interim Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34 *Interim Financial Reporting* as adopted by the EU, and that to the best of our knowledge:

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

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

  (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007,

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

  (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007,

  - being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and,
  - any changes in the related party transactions described in the last Annual Report that could do so.

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

On behalf of the Board

S. Gilliland
Chairman

P. McMahon
Chief Financial Officer

21 October 2020

Condensed Consolidated Income Statement
for the six months ended 31 August 2020

	Notes	**Six months ended 31 August 2020 (unaudited)** Before exceptional items €m	Exceptional items (note 4) €m	Total €m	Six months ended 31 August 2019 (unaudited) Before exceptional items €m	Exceptional items (note 4) €m	Total €m
Revenue	2	**541.4**	**-**	**541.4**	1,093.1	-	1,093.1
Excise duties		**(154.7)**	**-**	**(154.7)**	(218.2)	-	(218.2)
Net revenue	2	**386.7**	**-**	**386.7**	874.9	-	874.9
Operating costs		**(398.4)**	**(2.8)**	**(401.2)**	(810.0)	(5.6)	(815.6)
Group operating (loss)/ profit	2	**(11.7)**	**(2.8)**	**(14.5)**	64.9	(5.6)	59.3
Profit on disposal	4	**-**	**-**	**-**	-	2.6	2.6
Finance income		**-**	**-**	**-**	0.5	-	0.5
Finance expense		**(10.3)**	**(2.9)**	**(13.2)**	(10.7)	-	(10.7)
Share of equity accounted investments' (loss)/profit after tax		**(3.4)**	**(1.3)**	**(4.7)**	1.9	-	1.9
(Loss)/profit before tax		**(25.4)**	**(7.0)**	**(32.4)**	56.6	(3.0)	53.6
Income tax credit/(expense)	3	**-**	**0.2**	**0.2**	(6.7)	1.0	(5.7)
Group (loss)/profit for the financial period		**(25.4)**	**(6.8)**	**(32.2)**	49.9	(2.0)	47.9
Attributable to:							
Equity holders of the parent		**(25.4)**	**(6.8)**	**(32.2)**	49.8	(2.0)	47.8
Non-controlling interests		**-**	**-**	**-**	0.1	-	0.1
Group (loss)/profit for the financial period		**(25.4)**	**(6.8)**	**(32.2)**	49.9	(2.0)	47.9
Basic (loss)/earnings per share (cent)	5			**(10.4c)**			15.5c
Diluted (loss)/earnings per share (cent)	5			**(10.4c)**			15.4c

All of the results are related to continuing operations.

Condensed Consolidated Statement of Comprehensive Income
for the six months ended 31 August 2020

	Notes	**Six months ended 31 August 2020 (unaudited)**	Six months ended 31 August 2019 (unaudited)
		€m	€m
Other comprehensive income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations		**(20.7)**	(24.0)
Gain relating to cash flow hedges		**0.5**	2.2
Deferred tax liability relating to cash flow hedges		**(0.1)**	(0.4)
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial gain/(loss) on retirement benefits	11	**15.2**	(11.2)
Deferred tax (charge)/credit on actuarial gain/(loss) on retirement benefits		**(2.0)**	1.3
Net loss recognised directly within Other Comprehensive Income		**(7.1)**	(32.1)
Group (loss)/profit for the financial period		**(32.2)**	47.9
Comprehensive (expense)/income for the financial period		**(39.3)**	15.8
Attributable to:			
Equity holders of the parent		**(39.3)**	15.7
Non-controlling interests		**-**	0.1
Comprehensive (expense)/income for the financial period		**(39.3)**	15.8

Condensed Consolidated Balance Sheet
as at 31 August 2020

	Notes	As at 31 August 2020 (unaudited) €m	As at 31 August 2019 (unaudited) €m	As at 29 February 2020 (audited) €m
ASSETS				
Non-current assets				
Property, plant & equipment	6	**210.4**	210.2	223.4
Goodwill & intangible assets	7	**638.4**	669.9	652.9
Equity accounted investments		**82.0**	66.7	83.9
Retirement benefits	11	**11.0**	8.5	8.8
Deferred tax assets		**10.0**	5.1	11.9
Trade & other receivables		**44.5**	26.8	25.8
		996.3	987.2	1,006.7
Current assets				
Inventories		**123.7**	154.3	145.8
Trade & other receivables		**206.3**	197.3	166.0
Derivative financial asset		**0.3**	0.3	-
Cash		**201.6**	230.5	123.4
		531.9	582.4	435.2
TOTAL ASSETS		**1,528.2**	1,569.6	1,441.9
EQUITY				
Equity share capital		**3.2**	3.2	3.2
Share premium		**171.0**	165.1	171.0
Other reserves		**79.5**	75.1	102.4
Treasury shares		**(36.6)**	(36.7)	(36.6)
Retained income		**299.0**	369.8	315.4
Equity attributable to equity holders of the parent		**516.1**	576.5	555.4
Non-controlling interests		**-**	(0.7)	-
Total Equity		**516.1**	575.8	555.4
LIABILITIES				
Non-current liabilities				
Lease liabilities		**66.2**	69.2	74.4
Interest bearing loans & borrowings	8	**373.6**	431.0	323.8
Retirement benefits	11	**4.2**	23.4	16.7
Provisions		**3.5**	3.1	5.1
Deferred tax liabilities		**16.1**	16.3	16.5
		463.6	543.0	436.5
Current liabilities				
Lease liabilities		**18.4**	19.0	18.9
Derivative financial liabilities		**-**	-	0.3
Trade & other payables		**403.1**	367.3	390.7
Interest bearing loans & borrowings	8	**115.0**	54.9	33.2
Provisions		**3.8**	2.9	4.1
Current income tax liabilities		**8.2**	6.7	2.8
		548.5	450.8	450.0
Total liabilities		**1,012.1**	993.8	886.5
TOTAL EQUITY & LIABILITIES		**1,528.2**	1,569.6	1,441.9

Condensed Consolidated Cash Flow Statement
for the six months ended 31 August 2020

	Notes	**Six months ended 31 August 2020 (unaudited) €m**	Six months ended 31 August 2019 (unaudited) €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Group (loss)/profit for the financial period		**(32.2)**	47.9
Finance income		**-**	(0.5)
Finance expense		**13.2**	10.7
Income tax expense	**3**	**(0.2)**	5.7
Loss/(profit) on share of equity accounted investment		**4.7**	(1.9)
Depreciation of property, plant & equipment	**6**	**15.4**	14.3
Amortisation of intangible assets	**7**	**1.2**	1.2
Profit on disposal of equity accounted investment	**4**	**-**	(2.6)
Net profit on disposal of property, plant & equipment	**6**	**-**	(0.2)
Charge for equity settled share-based payments		**-**	1.2
Pension charged to Income Statement less contributions paid	**11**	**0.2**	0.2
		2.3	76.0
Decrease in inventories		**17.4**	23.6
Increase in trade & other receivables		**(65.9)**	(43.3)
Increase in trade & other payables		**24.0**	42.8
Decrease in provisions		**(1.6)**	(1.5)
		(23.8)	97.6
Interest received		**-**	0.5
Interest and similar costs paid		**(8.8)**	(5.7)
Income taxes received/(paid)		**5.7**	(1.2)
Net cash (outflow)/inflow from operating activities		**(26.9)**	91.2
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment	**6**	**(5.3)**	(6.8)
Purchase of intangible assets	**7**	**(0.2)**	(0.8)
Net proceeds on disposal of property, plant & equipment	**6**	**-**	0.2
Proceeds from sale of equity accounted investment	**4**	**-**	6.1
Cash outflow re acquisition of equity accounted investments	**14**	**(6.8)**	(0.5)
Net cash outflow from investing activities		**(12.3)**	(1.8)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity Interests		**-**	0.4
Drawdown of debt		**351.6**	133.4
Repayment of debt		**(216.7)**	(88.0)
Payment of lease liabilities		**(9.6)**	(10.3)
Payment of issue costs		**(1.4)**	(0.5)
Shares purchased to satisfy share options entitlement		**-**	(0.4)
Shares purchased under share buyback programme	**12**	**-**	(11.3)
Dividends paid	**13**	**-**	(18.3)
Net cash inflow from financing activities		**123.9**	5.0
Net increase in cash		**84.7**	94.4
Reconciliation of opening to closing cash			
Cash at beginning of year		**123.4**	144.4
Translation adjustments		**(6.5)**	(8.3)
Net increase in cash		**84.7**	94.4
Cash at end of period		**201.6**	230.5

A reconciliation of cash to net debt is presented in note 9.

Condensed Consolidated Statement of Changes in Equity
for the six months ended 31 August 2020

	Equity share capital	Share premium	Other capital reserves*	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total	Non-controlling interest	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 29 February 2020	**3.2**	**171.0**	**25.8**	**0.3**	**5.8**	**59.0**	**11.5**	**(36.6)**	**315.4**	**555.4**	**-**	**555.4**
Loss for the financial period	-	-	-	-	-	-	-	-	(32.2)	(32.2)	-	(32.2)
Other comprehensive income/(expense)	-	-	-	0.4	-	(20.7)	-	-	13.2	(7.1)	-	(7.1)
Total comprehensive income/(expense)	**-**	**-**	**-**	**0.4**	**-**	**(20.7)**	**-**	**-**	**(19.0)**	**(39.3)**	**-**	**(39.3)**
Reclassification of share-based payments reserve	-	-	-	-	(2.6)	-	-	-	2.6	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**(2.6)**	**-**	**-**	**-**	**2.6**	**-**	**-**	**-**
At 31 August 2020	**3.2**	**171.0**	**25.8**	**0.7**	**3.2**	**38.3**	**11.5**	**(36.6)**	**299.0**	**516.1**	**-**	**516.1**

* Other capital reserve includes the Other undenominated reserve of €0.9m and the Capital reserve of €24.9m.

Condensed Consolidated Statement of Changes in Equity - continued
for the financial year ended 29 February 2020

	Equity share capital	Share premium	Other capital reserves*	Cash flow hedge reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained Income	Total	Non-controlling interest	Total
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
At 1 March 2019	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	383.7	598.8	(0.8)	598.0
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	(9.6)	(9.6)	-	(9.6)
At 1 March 2019 (adjusted)	3.2	152.6	25.7	(1.1)	3.8	57.6	10.4	(37.1)	374.1	589.2	(0.8)	588.4
Profit for the financial period	-	-	-	-	-	-	-	-	47.8	47.8	0.1	47.9
Other comprehensive income/(expense)	-	-	-	1.8	-	(24.0)	-	-	(9.9)	(32.1)	-	(32.1)
Total comprehensive income/(expense)	-	-	-	1.8	-	(24.0)	-	-	37.9	15.7	0.1	15.8
Dividend on ordinary shares	-	12.5	-	-	-	-	-	-	(30.8)	(18.3)	-	(18.3)
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.4	(0.4)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(11.3)	(11.3)	-	(11.3)
Reclassification of share-based payments reserve	-	-	-	-	(0.3)	-	-	-	0.3	-	-	-
Equity settled share-based payments	-	-	-	-	1.2	-	-	-	-	1.2	-	1.2
Total transactions with owners	-	12.5	-	-	0.9	-	-	0.4	(42.2)	(28.4)	-	(28.4)
At 31 August 2019	3.2	165.1	25.7	0.7	4.7	33.6	10.4	(36.7)	369.8	576.5	(0.7)	575.8
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	3.4	3.4	-	3.4
At 1 September 2019 (adjusted)	3.2	165.1	25.7	0.7	4.7	33.6	10.4	(36.7)	373.2	579.9	(0.7)	579.2
Loss for the financial period	-	-	-	-	-	-	-	-	(38.7)	(38.7)	(0.1)	(38.8)
Other comprehensive (expense)/income	-	-	-	(0.4)	-	25.4	1.1	-	9.8	35.9	-	35.9
Total comprehensive income	-	-	-	(0.4)	-	25.4	1.1	-	(28.9)	(2.8)	(0.1)	(2.9)
Dividend on ordinary shares	0.1	5.5	-	-	-	-	-	-	(17.3)	(11.7)	-	(11.7)
Exercised share options	-	0.4	-	-	-	-	-	-	-	0.4	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	(0.2)	-	-	-	0.2	-	-	-
Sale of treasury shares/purchases of shares to satisfy employee share entitlements	-	-	-	-	-	-	-	0.1	(0.1)	-	-	-
Shares purchased under share buyback programme and subsequently cancelled	(0.1)	-	0.1	-	-	-	-	-	(11.7)	(11.7)	-	(11.7)
Disposal of non-controlling interests	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Equity settled share-based payments	-	-	-	-	1.3	-		-	-	1.3	-	1.3
Total transactions with owners	-	5.9	0.1	-	1.1	-	-	0.1	(28.9)	(21.7)	0.8	(20.9)
At 29 February 2020	**3.2**	**171.0**	**25.8**	**0.3**	**5.8**	**59.0**	**11.5**	**(36.6)**	**315.4**	**555.4**	**-**	**555.4**

* Other capital reserve includes the Other undenominated reserve of €0.9m and the Capital reserve of €24.9m.

Notes to the Condensed Consolidated Interim Financial Statements
for the six months ended 31 August 2020

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Condensed Consolidated Interim Financial Statements are consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Consolidated Financial Statements for the year ended 29 February 2020 and as described in those Financial Statements on pages 111 to 125, except for the adoption of new standards, interpretations and standard amendments effective as of 1 March 2020.

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

The following new standards, interpretations and standard amendments became effective for the Group as of 1 March 2020:

- Amendments to IFRS 3 Business Combinations – Definition of a business.
- Amendments to IFRS 9 Financial instruments, IAS 39 Financial instruments: Recognition and measurement and IFRS 7 Financial instruments: Disclosures – Interest Rate Benchmark Reform.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material.
- Amendments to References to the Conceptual Framework in IFRS Standards.

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

Basis of preparation

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

These Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 29 February 2020 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRSs). The accounting policies and methods of computation and presentation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those described and applied in the Annual Report for the financial year ended 29 February 2020.

The interim financial information for both the six months ended 31 August 2020 and the comparative six months ended 31 August 2019 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 29 February 2020 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

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

	Six months to 31 August 2020	Six months to 31 August 2019	Year ended 29 February 2020
Balance Sheet (Euro:Sterling closing rate)	**0.896**	0.906	0.853
Income Statement (Euro:Sterling average rate)	**0.894**	0.884	0.872
Balance Sheet (Euro:USD closing rate)	**1.194**	1.104	1.098
Income Statement (Euro:USD average rate)	**1.124**	1.123	1.113

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report. That expectation factors in the current and expected impact of COVID-19 and the fact that the Group has extended the waiver period for its financial covenants through to February 2021. Covenants therefore for the current financial period and the periods ended 28 February 2021 and 31 August 2021 will be assessed based on the monthly liquidity and gross debt tests as outlined in note 8. The Group has sufficient access to liquidity to operate over the assessment period. Accordingly, we continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

2. Segmental analysis

The Group's business activity is the manufacturing, marketing and distribution of branded beer, cider, wine, spirits, soft drinks and bottled water. Four operating segments have been identified in the current and prior financial period; Ireland, Great Britain, International and Matthew Clark and Bibendum ("MCB").

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

The identified business segments are as follows:

(i) Ireland
This segment includes the financial results from sale of own branded products on the Island of Ireland, principally Bulmers, Outcider, Tennent's, Magners, Clonmel 1650, Five Lamps, Heverlee, Roundstone Irish Ale, Linden Village, Dowd's Lane traditional craft ales, Finches and Tipperary Water. It also includes the financial results from beer, wines and spirits distribution, wholesaling, the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev and production and distribution of some private label and third party brands.

(ii) Great Britain
This segment includes the results from sale of the Group's own branded products in Scotland, England and Wales, with Tennent's, Magners, Heverlee, Caledonia Best, Blackthorn, Olde English, Chaplin & Cork's, Orchard Pig and K Cider being the principal brands. It also includes the financial results from AB InBev beer distribution in Scotland, third party brand distribution and wholesaling in Scotland, the distribution of the Italian lager Menabrea, the American lager Pabst, the Chinese beer Tsingtao, the American vodka Tito's Handmade Vodka and the production and distribution of some private label and third party brands.

(iii) International
This segment includes the results from sale of the Group's cider and beer products, principally Magners, Gaymers, Woodchuck, Wyders, Blackthorn, Hornsby's and Tennent's in all territories outside of Ireland and Great Britain. It also includes the production, sale and distribution of some private label and third party brands.

(iv) Matthew Clark and Bibendum ("MCB")
This segment includes the results from the Matthew Clark and Bibendum businesses. Matthew Clark is the largest independent distributor to the UK on-trade drinks sector. It offers a range of over 13,000 products, including beers, wines, spirits, cider and soft drinks. Matthew Clark also has a number of exclusive distribution agreements for third party products (mainly wines) into the UK market and also has a limited range of own brand wines. It has a nationwide distribution network serving the independent free trade and national accounts. Bibendum is one of the largest wine, spirits and craft beer distributors and wholesalers to the UK on-trade and off-trade, with a particular focus on wine.

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

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

(a) Analysis by reporting segment

	Six months to 31 August 2020			Six months to 31 August 2019		
	Revenue	**Net revenue**	**Operating (loss)/profit**	Revenue	Net revenue	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**144.0**	**90.7**	**1.6**	172.6	120.6	25.8
Great Britain	**185.5**	**103.9**	**6.2**	263.2	167.8	24.7
International	**13.5**	**13.1**	**-**	21.8	21.3	2.8
Matthew Clark and Bibendum (MCB)	**198.4**	**179.0**	**(19.5)**	635.5	565.2	11.6
Total before exceptional items	**541.4**	**386.7**	**(11.7)**	1,093.1	874.9	64.9
Exceptional items (note 4)	**-**	**-**	**(2.8)**	-	-	(5.6)
Group operating (loss)/profit	-	-	**(14.5)**	-	-	59.3
Profit on disposal	-	-	**-**	-	-	2.6
Finance income	-	-	**-**	-	-	0.5
Finance expense	-	-	**(10.3)**	-	-	(10.7)
Finance expense exceptional items	-	-	**(2.9)**	-	-	-
Share of equity accounted investments' (loss)/profit after tax before exceptional items	-	-	**(3.4)**	-	-	1.9
Share of equity accounted investments' exceptional items	**-**	**-**	**(1.3)**	-	-	-
	541.4	**386.7**	**(32.4)**	1,093.1	874.9	53.6

Of the exceptional items in the current period, €1.1m relates to Ireland, €1.0m relates to Great Britain, €0.7m relates to MCB. Of the exceptional items in the prior period, €4.6m related to Great Britain, €0.9m related to MCB and €0.1m is unallocated.

The profit on disposal in the prior period of €2.6m related to International.

The share of equity accounted investments' loss after tax of €3.4m in the current financial period relates to Great Britain (31 August 2019: profit of €1.9m related to Great Britain). The share of equity accounted investments' exceptional loss of €1.3m in the current period also relates to Great Britain.

Total assets for the period ended 31 August 2020 amounted to €1,528.2m (31 August 2019: €1,569.6m, 29 February 2020: €1,441.9m).

(b) Geographical analysis of non-current assets

	Ireland	**Great Britain**	**International**	**Total**
	€m	**€m**	**€m**	**€m**
31 August 2020				
Property, plant & equipment	**72.8**	**125.6**	**12.0**	**210.4**
Goodwill & intangible assets	**158.2**	**455.0**	**25.2**	**638.4**
Equity accounted investments	**0.4**	**81.4**	**0.2**	**82.0**
Total	**231.4**	**662.0**	**37.4**	**930.8**

	Ireland	Great Britain	International	Total
	€m	€m	€m	€m
31 August 2019				
Property, plant & equipment	68.4	124.7	17.1	210.2
Goodwill & intangible assets	158.7	452.0	59.2	669.9
Equity accounted investments	0.3	66.2	0.2	66.7
Total	227.4	642.9	76.5	946.8

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

(c) Disaggregated net revenue
In the following table, net revenue is disaggregated by primary geographic market and by principal activities and products. Geography is the primary basis on which management reviews its businesses across the Group.

Principal activities and products – Net revenue

31 August 2020	**Ireland €m**	**Great Britain €m**	**International €m**	**Total €m**
Own brand alcohol	**24.3**	**63.6**	**11.5**	**99.4**
Matthew Clark and Bibendum	**-**	**179.0**	**-**	**179.0**
Other sources*	**66.4**	**40.3**	**1.6**	**108.3**
Net revenue	**90.7**	**282.9**	**13.1**	**386.7**

* Other sources include Wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

31 August 2019	Ireland €m	Great Britain €m	International €m	Total €m
Own brand alcohol	48.4	83.6	19.2	151.2
Matthew Clark and Bibendum	-	565.2	-	565.2
Other sources*	72.2	84.2	2.1	158.5
Net revenue	120.6	733.0	21.3	874.9

* Other sources include Wholesale (excluding MCB), own label, contracts and non-alcoholic beverages (NABs) revenues.

Cyclicality of interim results

In the current environment, COVID-19 is having a material impact on the results of the Group and will continue to be the key influencing factor on performance in the second half of the Group's financial year ending 28 February 2021.

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

3. Income tax charge

Income tax credit for the period amounted to €0.2m (31 August 2019: charge €5.7m). The current period credit was with respect to exceptional items (31 August 2019: €6.7m charge before exceptional items and a credit of €1.0m with respect to exceptional items).

In line with IAS 34 *Interim Financial Reporting* the effective tax rate for the period ended 31 August 2020 was 0.7% excluding share of equity accounted investments. The effective tax rate is influenced by several factors including the mix of profits and losses generated across the main geographic locations and carried forward losses on which no deferred tax has been recognised.

4. Exceptional items

	Six months to 31 August 2020 €m	Six months to 31 August 2019 €m
Operating costs		
COVID-19 (a)	**(2.6)**	-
Acquisition related expenditure (b)	**(0.2)**	(0.2)
Contract termination (c)	**-**	(4.3)
Restructuring costs (d)	**-**	(1.1)
Operating loss exceptional items	**(2.8)**	(5.6)
Profit on disposal (e)	**-**	2.6
Finance expense exceptional items (COVID-19) (f)	**(2.9)**	-
Share of equity accounted investments' exceptional items (COVID-19) (g)	**(1.3)**	-
Loss before tax	**(7.0)**	(3.0)
Income tax credit (h)	**0.2**	1.0
Total loss after tax	**(6.8)**	(2.0)

(a) COVID-19
During the current financial period, the Group incurred costs directly related to the COVID-19 pandemic. These costs primarily related to keg repatriation costs in light of the closure of on-trade premises and the write off of an IT intangible asset where the project will now not be completed, as a direct consequence of COVID-19.

(b) Acquisition & integration costs
During the current financial period, the Group incurred €0.2m of costs associated with a previous acquisition (31 August 2019: €0.2m).

(c) Contract termination
During the prior financial period, the Group terminated a number of its long-term apple contracts incurring a cost of €4.3m.

(d) Restructuring costs
Restructuring costs in the prior financial period of €1.1m primarily related to severance costs following the acquisition of Matthew Clark and Bibendum of €0.9m and other restructuring initiatives across the Group of €0.2m.

(e) Profit on disposal
During the prior financial period, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal.

(f) Finance expense exceptional items
During the current financial period, the Group successfully negotiated financial covenant waivers due to the impact of COVID-19 with its lenders. Costs of €2.9m were incurred in the period directly associated with these waivers including waiver fees, increased margins payable and other professional fees directly associated with the covenant waivers.

(g) Share of equity accounted investments' exceptional items
Admiral Taverns, the Group's equity accounted investment, incurred exceptional costs in relation to COVID-19 and the Group has recognised its share of these costs amounting to €1.3m. These costs primarily related to an expected loss provision with respect to the recoverability of its debtor book as a consequence of COVID-19 and a charge with respect to credits to licensees for beer that needed to be destroyed as a direct consequence of COVID-19.

(h) Income tax credit
The tax credit in the current financial period with respect to exceptional items was €0.2m (31 August 2019: €1.0m).

5. Earnings per ordinary share

Denominator computations

	31 August 2020 Number '000	31 August 2019 Number '000
Number of shares at beginning of period	**319,495**	320,354
Shares issued in lieu of dividend	**-**	3,377
Share buyback and subsequent cancellation	**-**	(3,000)
Shares issued in respect of options exercised	**722**	-
Number of shares at end of period	**320,217**	320,731
Weighted average number of ordinary shares, excluding treasury shares (basic)	**308,812**	308,949
Adjustment for the effect of conversion of options	**250**	1,529
Weighted average number of ordinary shares, including options (diluted)	**309,062**	310,478

(Loss)/profit for the period attributable to ordinary shareholders

	Six months to 31 August 2020 €m	Six months to 31 August 2019 €m
Group (loss)/profit for the financial period	**(32.2)**	47.9
Profit attributable to non-controlling interest	**-**	(0.1)
(Loss)/profit attributable to equity holders of the parent	**(32.2)**	47.8
Adjustments for exceptional items, net of tax (note 4)	**6.8**	2.0
(Loss)/earnings as adjusted for exceptional items, net of tax and non-controlling interest	**(25.4)**	49.8

Basic (loss)/earnings per share	**Cent**	Cent
Basic (loss)/earnings per share	**(10.4)**	15.5
Adjusted basic (loss)/earnings per share	**(8.2)**	16.1
Diluted (loss)/earnings per share		
Diluted (loss)/earnings per share	**(10.4)**	15.4
Adjusted diluted (loss)/earnings per share	**(8.2)**	16.0

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (31 August 2020: 10.8m shares; 31 August 2019: 10.8m shares, 29 February 2020: 10.8m shares).

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

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted (loss)/earnings per share where the vesting conditions would not have been satisfied at the end of the reporting period. If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period. Contingently issuable shares excluded from the calculation of diluted (loss)/earnings per share totalled 1,637,820 at 31 August 2020 (262,285: 31 August 2019).

6. Property, plant & equipment

Acquisitions and disposals

During the current financial period, the Group acquired assets of €4.8m (31 August 2019 total additions: €5.6m). Total cash outflow in the period in relation to the purchase of property, plant & equipment amounted to €5.3m (31 August 2019 total cash outflow: €6.8m) as a result of a reduction in capital accruals.

In the prior financial period, the Group disposed of assets with a net book value of nil and realised a profit of €0.2m.

The Group's depreciation charge for six months to 31 August 2020 amounted to €15.4m (31 August 2019: €14.3m). Depreciation excluding the impact of IFRS 16 *Leases* amounted to €6.5m (31 August 2019: €6.5m).

Impairment

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

7. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2019	601.2	322.1	34.7	958.0
Additions	-	-	0.8	0.8
Translation adjustment	(8.2)	(4.6)	(0.6)	(13.4)
At 31 August 2019	593.0	317.5	34.9	945.4
Write-back relating to non-controlling interest	0.6	-	-	0.6
Additions	-	-	3.7	3.7
Disposals	-	-	(0.1)	(0.1)
Translation adjustment	9.3	6.6	0.7	16.6
At 29 February 2020	602.9	324.1	39.2	966.2
Additions	**-**	**-**	**0.2**	**0.2**
Translation adjustment	**(7.7)**	**(5.2)**	**(0.6)**	**(13.5)**
At 31 August 2020	**595.2**	**318.9**	**38.8**	**952.9**
Amortisation and impairment				
At 1 March 2019	(76.2)	(180.4)	(17.7)	(274.3)
Charge for the period ended 31 August 2019	-	-	(1.2)	(1.2)
At 31 August 2019	(76.2)	(180.4)	(18.9)	(275.5)
Disposals	-	-	0.1	0.1
Impairment charge for the year	-	(34.2)	(2.4)	(36.6)
Charge for the period ended 29 February 2020	-	-	(1.3)	(1.3)
At 29 February 2020	(76.2)	(214.6)	(22.5)	(313.3)
Charge for the period ended 31 August 2020	**-**	**-**	**(1.2)**	**(1.2)**
At 31 August 2020	**(76.2)**	**(214.6)**	**(23.7)**	**(314.5)**
Net Book Value at 31 August 2020	**519.0**	**104.3**	**15.1**	**638.4**
Net Book Value at 29 February 2020	526.7	109.5	16.7	652.9
Net Book Value at 31 August 2019	516.8	137.1	16.0	669.9

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products. All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to annual impairment testing.

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

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

Other intangible asset additions for the period was €0.2m (31 August 2019: €0.8m) and the amortisation charge for the period ended 31 August 2020 was €1.2m (31 August 2019: €1.2m).

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

The value of brands and goodwill considered to have an indefinite life were assessed for impairment at 29 February 2020. This assessment at 29 February 2020 reflected the forecasted impact of COVID-19 on the Group's cash flows. While the impact of COVID-19 continues to evolve, the changes in circumstances and the impact on related projected cash flows would not be material relative to the headroom that existed across cash generating units at 29 February 2020. Consequently a formal assessment was not carried out at period end but will be completed as at 28 February 2021.

8. Interest bearing loans & borrowings

	31 August 2020	31 August 2019	28 February 2020
	€m	€m	€m
Current liabilities			
Unsecured loans repayable by one repayment on maturity	**0.8**	0.9	0.8
Unsecured loans repayable by instalment	**(115.9)***	(55.8)	(34.0)
Private Placement notes	**0.1**	-	-
	(115.0)	(54.9)	(33.2)
Non-current liabilities			
Unsecured loans repayable by one repayment on maturity	**(234.1)**	(337.7)	(235.5)
Unsecured loans repayable by instalment	**-**	(93.3)	(88.3)
Private Placement notes	**(139.5)**	-	-
	(373.6)	(431.0)	(323.8)
Total borrowings	**(488.6)**	(485.9)	(357.0)

** As a result of the renegotiation of the Euro term loan repayment schedule post period end, €60.0m which was classified as a current liability at 31 August 2020 is now a non-current liability.*

Outstanding borrowings of the Group are net of unamortised issue costs which are being amortised to the Income Statement over the remaining life of the Euro term loan, multi-currency revolving facilities agreement and the US Private Placement notes to which they relate. The value of unamortised issue costs at 31 August 2020 is €4.5m (29 February 2020: €3.7m, 31 August 2019: €4.4m) of which €1.1m (29 February 2020: €1.0m, 31 August 2019: €1.2m) is netted against current liabilities and €3.4m is netted against non-current liabilities (29 February 2020: €2.7m, 31 August 2019: €3.2m).

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

In FY2020, the Group availed of an option within the Group's multi-currency revolving loan facility agreement to extend the tenure for a further 364 days from termination date. The multi-currency facility agreement is therefore now repayable in a single instalment on 11 July 2024. The Euro term loan is repayable in instalments, with the last instalment due to have been paid in July 2021. Subsequent to period end the Group successfully renegotiated an extension of the repayment schedule with its lenders and the last instalment is now payable in July 2022. Accordingly, €60.0m included in the table above as a current liability as at 31 August 2020 has become a non-current liability post period end.

During the current financial period, the Group completed the successful issue of new US Private Placement (USPP) notes. The unsecured notes, denominated in both Euro and GBP, have maturities of 10 and 12 years.

Due to the impact of COVID-19, the Group had successfully negotiated financial covenant waivers for the covenant testing dates of 31 August 2020 and 28 February 2021. Post period end the Group successfully negotiated the extension of these waivers to cover the testing period 31 August 2021. These have now been replaced by a minimum liquidity covenant in which the Group must have liquidity of at least €150.0m at the end of each month during the waiver period (except for December 2020 when the liquidity requirement is €120.0m) and with a gross debt restriction, which restricts the total amount of gross debt that the Group is allowed to incur of €775.0m in the period through to 28 February 2021 and €750.0m thereafter through to the end of the waiver period. The Group complied with these new covenant requirements during the period.

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

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

The Group has further financial indebtedness of €11.2m at 31 August 2020 (29 February 2020: €17.6m; 31 August 2019: €22.1m), which is repayable by instalments with the last instalment payable on 3 April 2021. The Group pays variable interest on these drawn amounts based on a variable Libor interest rate plus a margin of 2%.

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

The rules changed in October 2020 in relation to access to the Bank of England COVID-19 Corporate Financing Facility scheme. It remains a possible source of liquidity for the Group but now requires specific application and approval prior to being able to issue commercial paper under the scheme. The Group had not drawn down on this facility as at 21 October 2020.

All bank loans drawn are unsecured and rank pari passu. All borrowings of the Group are guaranteed by a number of the Group's subsidiary undertakings. The Euro term loan and multi-currency facilities agreement allows the early repayment of debt without incurring additional charges or penalties.

All borrowings of the Group at 31 August 2020 are repayable in full on change of control of the Group.

The Group's Euro term loan and multi-currency debt facility incorporated the following financial covenants for the prior year (before the current waivers were secured) and will revert to these covenants for the testing period 28 February 2022:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date was not less than 3.5:1.
- Net debt: EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date did not exceed 3.5:1.

With respect to non-bank financial indebtedness:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on each half-year date was not less than 3.5:1.
- Net debt: EBITDA: The ratio of net debt on each half-year date to EBITDA for a period of 12 months ending on a half-year date did not exceed 3.5:1.

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

9. Analysis of net debt

	1 March 2020 €m	Translation adjustment €m	Additions €m	Cash flow, net €m	Non-cash changes €m	31 August 2020 €m
Interest bearing loans & borrowings	(357.0)	**2.5**	**-**	**(133.5)**	**(0.6)**	**(488.6)***
Cash	123.4	**(6.5)**	**-**	**84.7**	**-**	**201.6**
Net debt excluding leases	(233.6)	**(4.0)**	**-**	**(48.8)**	**(0.6)**	**(287.0)**
Lease liabilities	(93.3)	**4.4**	**(5.0)**	**11.4****	**(2.1)**	**(84.6)**
Net debt including leases	(326.9)	**0.4**	**(5.0)**	**(37.4)**	**(2.7)**	**(371.6)**

* *Interest bearing loans & borrowings at 31 August 2020 are net of unamortised issue costs of €4.5m.*
** *Payments are apportioned between Finance charges €1.8m and payment of lease liabilities €9.6m in the Condensed Consolidated Cash Flow Statement.*

	1 September 2019 €m	Adjustment on initial application of IFRS 16 €m	Translation adjustment €m	Additions €m	Cash flow, net €m	Non-cash changes €m	29 February 2020 €m
Interest bearing loans & borrowings	(485.9)	-	(3.9)	-	133.5	(0.7)	(357.0)*
Cash	230.5	-	7.3	-	(114.4)	-	123.4
Net debt excluding leases	(255.4)	-	3.4	-	19.1	(0.7)	(233.6)
Lease liabilities	(88.2)	(0.3)	(5.1)	(9.7)	11.7	(1.7)	(93.3)
Net debt including leases	(343.6)	(0.3)	(1.7)	(9.7)	30.8	(2.4)	(326.9)

**Interest bearing loans & borrowings at 29 February 2020 are net of unamortised issue costs of €3.7m.*

	1 March 2019 €m	Translation adjustment €m	Additions €m	Cash flow, net €m	Non-cash changes €m	31 August 2019 €m
Interest bearing loans & borrowings	(446.0)	5.7	-	(44.9)	(0.7)	(485.9)*
Cash	144.4	(8.3)	-	94.4	-	230.5
Net debt excluding leases	(301.6)	(2.6)	-	49.5	(0.7)	(255.4)
Lease liabilities	(99.3)	4.6	(1.9)	10.3	(1.9)	(88.2)
Net debt including leases	(400.9)	2.0	(1.9)	59.8	(2.6)	(343.6)

* *Interest bearing loans & borrowings at 31 August 2019 are net of unamortised issue costs of €4.4m.*

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

10. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2020 and 31 August 2019 were as follows:

31 August 2020	**Derivative financial instruments €m**	**Other financial assets €m**	**Other financial liabilities €m**	**Carrying value €m**	**Fair value €m**
Financial assets:					
Cash	**-**	**201.6**	**-**	**201.6**	**201.6**
Trade receivables	**-**	**162.2**	**-**	**162.2**	**162.2**
Advances to customers	**-**	**42.4**	**-**	**42.4**	**42.4**
Derivative contracts	**0.3**	**-**	**-**	**0.3**	**0.3**
Financial liabilities:					
Lease liabilities	**-**	**-**	**(84.6)**	**(84.6)**	**(84.6)**
Interest bearing loans & borrowings	**-**	**-**	**(488.6)**	**(488.6)**	**(493.1)**
Trade & other payables	**-**	**-**	**(403.1)**	**(403.1)**	**(403.1)**
Provisions	**-**	**-**	**(7.3)**	**(7.3)**	**(7.3)**
	0.3	**406.2**	**(983.6)**	**(577.1)**	**(581.6)**

31 August 2019	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Financial assets:					
Cash	-	230.5	-	230.5	230.5
Trade receivables	-	128.4	-	128.4	128.4
Advances to customers	-	48.5	-	48.5	48.5
Derivative contracts	0.3	-	-	0.3	0.3
Financial liabilities:					
Lease liabilities	-	-	(88.2)	(88.2)	(88.2)
Interest bearing loans & borrowings	-	-	(485.9)	(485.9)	(490.3)
Trade & other payables	-	-	(367.3)	(367.3)	(367.3)
Provisions	-	-	(6.0)	(6.0)	(6.0)
	0.3	407.4	(947.4)	(539.7)	(544.1)

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

Trade receivables/payables & other payables
The nominal amount of all trade receivables after provision for expected loss is deemed to reflect fair value at the balance sheet date. The nominal amount of all trade payables & other payables is deemed to reflect fair value at the balance sheet date with the exception of provisions which are discounted to fair value.

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

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

Derivatives (forward currency contracts)
The fair value of forward currency contracts are based on market price calculations using financial models.

The Group has adopted the following fair value measurement hierarchy for financial instruments that are measured in the balance sheet at fair value:

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

The carrying values of all forward currency contracts held by the Group at 31 August 2020 were based on fair values arrived at using Level 2 inputs.

11. Retirement benefits

As disclosed in the Annual Report for the year ended 29 February 2020, the Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

There are no active members remaining in the Group's executive defined benefit pension scheme (31 August 2019: no active members) while there are 55 active members (31 August 2019: 56 active members), representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme and 2 active members in the NI defined benefit pension scheme (31 August 2019: 3 active members).

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI defined benefit pension schemes were carried out with an effective date of 1 January 2018 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2017. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the Group's staff defined benefit pension scheme, the Group has committed to contributions of 27.5% of pensionable salaries. There is no funding requirement with respect to the Group's ROI executive defined benefit pension scheme or the Group's NI defined benefit pension scheme, both of which are in surplus. The Group has an unconditional right to any surplus remaining in these schemes in the event the scheme concludes.

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2020 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities.

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

	Period ended 31 August 2020 €m	Period ended 31 August 2019 €m	Year ended 29 February 2020 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**(16.7)**	(12.2)	(12.2)
Retirement benefit surplus at beginning of period (ROI schemes)	**3.3**	3.5	3.5
Retirement benefit surplus at beginning of period (NI scheme)	**5.5**	5.5	5.5
Current service cost	**(0.4)**	(0.4)	(0.6)
Net interest cost on scheme liabilities/assets	**-**	-	(0.1)
Experience gains and losses on scheme liabilities	**0.9**	0.4	2.2
Effect of changes in financial assumptions	**14.5**	(31.9)	(28.0)
Effect of changes in demographic assumptions	**-**	-	4.4
Actual return less Interest income on scheme assets	**(0.2)**	20.3	17.0
Employer contributions	**0.2**	0.2	0.4
Translation adjustment	**(0.3)**	(0.3)	-
Net pension surplus/(deficit) before deferred tax	**6.8**	(14.9)	(7.9)
Retirement benefit deficit at end of period (ROI schemes)	**(4.2)**	(23.4)	(16.7)
Retirement benefit surplus at end of period (ROI schemes)	**5.2**	2.9	3.3
Retirement benefit surplus at end of period (NI scheme)	**5.8**	5.6	5.5
Related deferred income tax asset	**0.5**	2.9	2.1
Related deferred income tax liability	**(2.6)**	(2.3)	(2.3)
Net pension surplus/(deficit)	**4.7**	(14.3)	(8.1)

The change from a net deficit of the Group's defined benefit pension schemes at 29 February 2020, to a net surplus at 31 August 2020, as computed in accordance with IAS 19(R) *Employee Benefits* is primarily due to an increase in the discount rate over the six month period. This reflects an increase in Corporate bond yields over the same period. The discount rate for the ROI schemes range from 1.2%-1.4% (31 August 2019: 0.8%-1.0%, 29 February 2020: 0.8%-1.0%) and the discount rate for the NI Scheme used was 1.8% (31 August 2019: 1.8%, 29 February 2020: 1.7%).

12. Other reserves

Share premium
The movement in prior period related to the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend with respect to their final dividend entitlement for the year ended 28 February 2019.

Other reserves – other undenominated reserve and capital reserve
Other capital reserve includes the Other undenominated reserve of €0.9m and the Capital reserve of €24.9m. These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure.

Cash flow hedging reserve
The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred.

Share-based payment reserve
The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-based Payment,* less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests.

Currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-Euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the Balance Sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long-term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi-equity in nature and are therefore part of the Group's net investment in foreign operations.

Revaluation reserve
Since 2009 the Group has completed a number of external and internal valuations on its property, plant and equipment. Gains arising from such revaluations are posted to the Group's revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the write down. Any decreases in the value of the Group's property, plant and equipment as a result of external or internal valuations are recognised in the Income Statement except where there had been a previously recognised gain in the revaluation reserve as a result of the same asset, in which case, the gain is eliminated from the revaluation reserve to offset the loss in the first instance.

Treasury shares
Included in this reserve is where the Company issued equity share capital under its Joint Share Ownership Plan, which was held in trust by the Group's Employee Trust. All interests have now vested or lapsed and all vested Interests have now been exercised. Remaining in the Trust are shares that lapsed and shares that were withheld by the Trust in lieu of some, or all, of the consideration due with respect to exercised Interests. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The prior period movement in the reserve relates to the sale of excess shares by the Trust to satisfy other share entitlements.

Share buyback
In the prior financial period, the Group invested €11.2m (€11.3m including commission and related fees) as part of this on-market buyback programme, purchasing 3,000,000 of the Company's shares at an average price of €3.71. The Group's stockbroker, Davy, conducted the share buyback programme. All shares acquired as part of the share buyback programme in the prior financial period were subsequently cancelled by the Group.

13. Dividend

Due to the emergence of COVID-19, no final dividend was paid with respect FY2020 and no interim dividend is being declared with respect to FY2021.

In the prior financial period, a final dividend of 9.98 cent per ordinary share was paid to shareholders on 19 July 2019 equating to a distribution of €30.8m, of which €18.3m was paid in cash and €12.5m as a scrip alternative.

14. Related parties

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

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

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

Key management personnel
For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term "key management personnel", as its executive and non-executive Directors. Executive Directors participate in the Group's equity share award schemes, permanent health insurance (or reimbursement of premiums paid into a personal policy) and death in service insurance programme. Executive Directors may also benefit from medical

insurance under a Group policy (or the Group will reimburse premiums). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post-employment benefits.

Compensation with respect to key management personnel, including Income Statement net credit/charge for share-based payments was €0.8m for the six months ended 31 August 2020 (31 August 2019: €2.5m) of which €0.9m pertains to non share-based payment compensation, €0.6m is with respect to a payment in lieu of notice and these costs are offset by a credit of €0.7m with respect to share-based payment compensation (31 August 2019: €1.6m pertains to non share-based payment compensation and €0.9m to share-based compensation).

Equity accounted investments

Admiral Taverns
On 6 December 2017, the Group entered into a joint venture arrangement for a 49.9% share in Brady P&C Limited, a UK incorporated entity with Proprium Capital Partners (50.1%). Brady P&C Limited subsequently incorporated a UK company, Brady Midco Limited where Admiral management acquired 6.5% of the shares. Brady Midco Limited incorporated Brady Bidco Limited which acted as the acquisition vehicle to acquire the entire share capital of AT Brit Holdings Limited (trading as Admiral Taverns). The equity investment by the Group was 46.65% of the issued share capital of Admiral Taverns. Admiral Taverns currently own and operate pubs, mainly in England and Wales, with a broad geographic distribution. In the prior financial year, Admiral management disposed of 2% of their shareholding which in turn increased C&C's shareholding from 46.65% to 47.7%.

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

Drygate Brewing Company Limited
During FY2015, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery.

Canadian Investment
In the prior financial period, the Group disposed of its equity accounted investment in a Canadian company for cash proceeds of €6.1m, realising a profit of €2.6m on disposal.

Whitewater Brewing Co. Limited
In FY2017, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish Craft brewer for £0.3m (€0.3m).

Other
During the current financial period, the Group made a 1% investment in an English entity Bramerton Condiments Limited for €0.1m (£0.1m).

In the prior financial period, on 5 March 2019, the Group made a 10% investment in an English registered entity Jubel Limited, a craft beer producer for €0.3m (£0.3m).

In FY2018, the Group made a 33.3% investment in a Belguim entity CVBA Braxatorium Parcensis for less than €0.1m. In the prior financial period, the Group made an additional investment of €0.2m in this entity.

The Group also has equity investments in Shanter Inns Limited, Beck & Scott (Services) Limited (Northern Ireland) and the Irish Brewing Company (Ireland). The value of each of these investments is less than €0.1m in the current and prior financial periods.

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

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

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

	Joint ventures		Associates	
	31 August 2020	31 August 2019	**31 August 2020**	31 August 2019
	€m	€m	**€m**	€m
Net revenue	**0.3**	0.7	**-**	0.3
Trade & other receivables	**0.2**	0.3	**0.1**	0.1
Purchases	**0.2**	0.4	**0.1**	0.3
Trade & other payables	**0.1**	0.2	**0.1**	0.1
Loans	**1.5**	1.5	**1.0**	1.1

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

15. Events after the balance sheet date

As part of a strategic review, in October, the business has divested of the non-core Tipperary Water Cooler business, for an initial consideration of €7.4m. Further consideration may be payable and is dependent on further revenue targets being met.

As disclosed in note 8, post period end the Group successfully negotiated an extension of the waiver period on its debt covenants to February 2022 and renegotiated an extension of the repayable schedule of its Euro term loan, with the last instalment now payable in July 2022.

There were no other material events subsequent to the balance sheet date of 31 August 2020 which would require disclosure in this report.

16. Board approval

The Board approved the financial report for the six months ended 31 August 2020 on 21 October 2020.

17. Distribution of interim report

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

Supplementary financial information

Alternative performance measures

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

- **Operating (loss)/profit before exceptional items:** Operating (loss)/profit for the period as adjusted for exceptional items.

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

- **Constant currency:** Prior period revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by restating the prior period at current period effective rates. Refer to page 15 for constant currency table.

- **Exceptional items:** Significant items of income and expense within the Group results for the period which by virtue of their scale and nature are disclosed in the Income Statement and related notes as exceptional items.

- **Free Cash flow:** Free Cash Flow ('FCF') that comprises cash flow from operating activities net of tangible and intangible cash outflows/inflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. FCF benefits from the Group's purchase receivables programme which contributed €89.4m (28 February €131.4m; August 2019: €159.9m) to cash in the period. A reconciliation of FCF to net movement in cash per the Group's Cash Flow Statement is set out on page 13.

- **Net debt:** Net debt comprises borrowings (net of issue costs), lease liabilities capitalised less cash. Refer to note 9 of the Condensed Consolidated Interim Financial Statements.

- **Net revenue:** Net revenue is defined by the Group as revenue less excise duties. Excise duties, which represent a significant proportion of revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of net revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.

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