Annual Report and Accounts 2022

Financial and Business Review

1 Underlying Income Statement and reconciliation to IFRS

	FY 2022 €m	FY 2021 €m
Continuing Operations		
Group revenue	1,756.1	1,525.4
Underlying EBITDA[1]	218.8	173.4
Underlying EBITDA margin	12.5%	11.4%
Depreciation & ERP Amortisation	(107.5)	(109.9)
Underlying EBITA[1]	111.3	63.5
Underlying EBITA margin	6.3%	4.2%
Finance cost, net	(17.1)	(32.8)
Hybrid instrument dividend	(45.2)	(46.2)
Underlying pre-tax profit/(loss)	49.0	(15.5)
Income tax	(3.4)	(26.7)
Underlying net profit/(loss) - continuing operations[1]	**45.6**	**(42.2)**
Underlying net profit - discontinued operations[1,2]	–	47.4
Underlying net profit - total[1]	**45.6**	**5.2**
Underlying diluted EPS (cent) - continuing operations[3]	**4.6**	**(4.3)**
Underlying diluted EPS (cent) - total[3]	**4.6**	**0.5**

1 Certain financial alternative performance measures, that are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary in section 19 for definitions of financial terms and references used in the financial and business review.

2 Following the reclassification of the Group's North America segment to disposal group held-for-sale in January 2021, its results have been presented separately as discontinued operations in the prior period.

3 The 30 July 2022 weighted average number of ordinary shares used to calculate underlying earnings per share is 998,010,699 (2021: 991,493,662).

Financial and Business Review (continued)

Reconciliation of Underlying EBITDA to IFRS result:

	FY 2022 €m	FY 2021 €m
Continuing Operations		
Underlying EBITDA	**218.8**	173.4
Depreciation	**(96.5)**	(99.1)
ERP amortisation	**(11.0)**	(10.8)
Underlying EBITA	**111.3**	63.5
Amortisation of non-ERP intangible assets	**(16.3)**	(17.7)
Net loss on disposal of businesses	**(42.0)**	–
Net loss on fixed asset disposals and impairments	**(2.4)**	(4.3)
Restructuring-related costs	**(2.5)**	(52.8)
COVID-19 related costs	–	(1.3)
IFRS operating profit/(loss)	**48.1**	(12.6)
Gain on equity instruments at fair value through profit or loss	–	8.6
Finance cost, net	**(17.1)**	(32.8)
RCF termination costs	**(8.3)**	–
Profit/(loss) before income tax	**22.7**	(36.8)
Income tax expense	**(20.8)**	(13.5)
IFRS profit/(loss) for the period from continuing operations	**1.9**	(50.3)
IFRS loss for the period from discontinued operations	**(1.0)**	(185.5)
IFRS profit/(loss) for the period	**0.9**	(235.8)
Hybrid instrument dividend	**(45.2)**	(46.2)
Loss used to determine basic EPS	**(44.3)**	(282.0)
IFRS diluted loss per share (cent) - continuing operations[1]	**(4.4) cent**	(9.7) cent
IFRS diluted loss per share (cent)[1]	**(4.5) cent**	(28.4) cent

1 The 30 July 2022 weighted average number of ordinary shares used to calculate IFRS diluted earnings per share is 992,056,975 (2021: 991,493,662).

A reconciliation of Underlying EBITDA to IFRS EBITDA is presented below:

	Continuing Operations		Discontinued Operations		ARYZTA Group	
	FY 2022 €m	FY 2021 €m	FY 2022 €m	FY 2021 €m	FY 2022 €m	FY 2021 €m
Underlying EBITDA	**218.8**	173.4	–	76.6	**218.8**	250.0
(Loss)/gain on disposal of businesses	**(42.0)**	–	–	4.6	**(42.0)**	4.6
Loss on disposal of discontinued operations	–	–	**(1.0)**	(189.3)	**(1.0)**	(189.3)
Net loss on fixed asset disposals and impairments	**(2.4)**	(4.3)	–	(0.8)	**(2.4)**	(5.1)
Restructuring-related costs	**(2.5)**	(52.8)	–	(2.8)	**(2.5)**	(55.6)
COVID-19 related costs	–	(1.3)	–	(4.7)	–	(6.0)
IFRS EBITDA[1]	**171.9**	115.0	**(1.0)**	(116.4)	**170.9**	(1.4)

1 See glossary in section 19 for definitions of financial terms and references used in the financial and business review.

Financial and Business Review (continued)

2 Organic revenue

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing operations €m
Revenue	**1,531.1**	**225.0**	**1,756.1**
Organic movement %	19.3%	10.5%	17.9%
Disposals movement %	(0.4)%	(19.6)%	(3.4)%
Currency movement %	0.3%	2.4%	0.6%
Total revenue movement %	**19.2%**	**(6.7)%**	**15.1%**

Quarterly organic revenue

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
ARYZTA Europe					
Volume %	8.6%	16.4%	18.0%	10.1%	13.0%
Price %	0.7%	2.5%	6.6%	11.8%	5.5%
Mix %	0.8%	0.2%	1.0%	0.9%	0.8%
Organic movement %	**10.1%**	**19.1%**	**25.6%**	**22.8%**	**19.3%**
ARYZTA Rest of World					
Volume %	4.3%	7.0%	3.3%	11.8%	6.7%
Price %	1.7%	1.7%	3.5%	6.1%	3.3%
Mix %	1.9%	(1.1)%	0.4%	1.0%	0.5%
Organic movement %	**7.9%**	**7.6%**	**7.2%**	**18.9%**	**10.5%**
Total Continuing operations					
Volume %	8.0%	14.8%	15.6%	10.3%	12.0%
Price %	0.9%	2.3%	6.1%	11.0%	5.2%
Mix %	0.9%	(0.1)%	0.9%	0.9%	0.7%
Organic movement %	**9.8%**	**17.0%**	**22.6%**	**22.2%**	**17.9%**

Financial and Business Review (continued)

3 Segmental Underlying EBITDA

Underlying EBITDA	FY 2022 €m	FY 2021 €m	% Change
ARYZTA Europe	179.5	140.5	27.8%
ARYZTA Rest of World	39.3	32.9	19.5%
Total Continuing operations	**218.8**	**173.4**	**26.2%**

Underlying EBITDA margin	FY 2022 %	FY 2021 %	% Change
ARYZTA Europe	11.7%	10.9%	80 bps
ARYZTA Rest of World	17.5%	13.6%	390 bps
Total Continuing operations	**12.5%**	**11.4%**	**110 bps**

1 See glossary in section 19 for definitions of financial terms and references used in the financial and business review.

4 Our business

ARYZTA is a global food business with a leadership position in convenience bakery. ARYZTA is based in Schlieren, Switzerland, with operations in Europe, Asia, Australia and New Zealand. ARYZTA has three channels and routes to market: Retail, Quick Service Restaurants (QSR) and Other Foodservice.

Total revenue increased by 15.1% to €1,756.1m during the period ended 30 July 2022. Organic revenue increased by 17.9%, with strong volume growth of 12.0% being supported by price/mix growth of 5.9%. Disposals reduced revenue by (3.4)% and currency effects contributed positively by 0.6%.

Group Underlying EBITDA from continuing operations reported for the period ended 30 July 2022 was €218.8m, representing an increase of 26.2%, and an increase in EBITDA margin of 110 bps to 12.5% compared to the period ended 31 July 2021.

Financial and Business Review (continued)

5 ARYZTA Europe

ARYZTA Europe has leading market positions in the convenience bakery markets in Germany, Switzerland, France, Ireland, the UK, the Netherlands, Hungary, Poland, Denmark, Spain, Sweden, Romania and other European countries.

ARYZTA Europe revenue increased by 19.2% to €1,531.1m during the period ended 30 July 2022. Organic revenue increase of 19.3% was a result of a 13.0% increase in volume and an improvement of 6.3% in price/mix. Disposals reduced revenue by (0.4)% and currency had a positive impact of 0.3%.

ARYZTA Europe Underlying EBITDA for the period ended 30 July 2022 was €179.5m, which represents an increase of 27.8% compared to FY 2021, while EBITDA margins increased by 80 bps to 11.7%.

6 ARYZTA Rest of World

ARYZTA's operations in the Rest of World includes businesses in Australia, Japan, Malaysia, Singapore, New Zealand and Taiwan. While representing only 13.0% of total Group revenue and 18.0% of total Group Underlying EBITDA, these locations provide attractive future growth opportunities and have importance as suppliers to our global QSR customers.

Organic revenue increased by 10.5% as a result of volume growth of 6.7% combined with positive price/mix growth of 3.8%. The disposal of the Brazilian business in Q1-22 reduced revenues by (19.6)% compared to prior year. ARYZTA Rest of World revenue decreased by (6.7)% to €225.0m during the period ended 30 July 2022, due to the disposal of the Brazilian business netted by an increase in revenue growth in APAC.

ARYZTA Rest of World Underlying EBITDA for the period ended 30 July 2022 was €39.3m, which represents an increase of 19.5% compared to the period ended 31 July 2021, with EBITDA margins of 17.5% increasing by 390 bps.

7 ARYZTA North America - Discontinued Operations

On 3 May 2021, the Group completed its disposal of its North America businesses in the USA and Canada to an affiliate of Lindsay Goldberg LLC for a cash consideration of US$850.0m / €833.9m. After adjustments for cash, debt and working capital, net proceeds of €659.1m were received as of 31 July 2021. A further €3.1m of transaction costs were cash settled during the period ended 30 July 2022. During the period ended 30 July 2022 a loss of €1.0m was recognised, arising from changes in the estimated final proceeds after transaction costs.

The ARYZTA North America business previously represented a significant component and separately reported segment of the Group, and its results have been separately presented in the Group Income Statement as Discontinued Operations, in both the current and prior periods.

Financial and Business Review (continued)

8 Impairment, disposal, restructuring and COVID-19 related costs

During the period ended 30 July 2022, the Group incurred the following amounts related to impairment, disposal and restructuring in continuing operations:

	ARYZTA Europe FY 2022 €m	ARYZTA Rest of World FY 2022 €m	Total Continuing Operations FY 2022 €m	Total Continuing Operations FY 2021 €m
Net loss on disposal of businesses	0.2	(42.2)	**(42.0)**	–
Net loss on fixed asset disposals and impairments	(2.4)	–	**(2.4)**	(4.3)
Gain on equity investment at fair value	–	–	**–**	8.6
Net loss on disposal of businesses and asset write downs	**(2.2)**	**(42.2)**	**(44.4)**	4.3
Severance and other staff-related costs	(2.0)	–	**(2.0)**	(28.4)
Other costs including advisory	(0.4)	(0.1)	**(0.5)**	(8.3)
Legal & financial obligations related to takeover of Group, rejected by Board in Dec 2020	–	–	**–**	(16.1)
Total restructuring-related costs	**(2.4)**	**(0.1)**	**(2.5)**	(52.8)
COVID-19 related costs	**–**	**–**	**–**	(1.3)
Total impairment, disposal, restructuring and Covid-related costs	**(4.6)**	**(42.3)**	**(46.9)**	(49.8)

Impairment and disposal-related costs

Net loss on disposal of businesses
During the period ended 30 July 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. In addition the Group completed the sale of an immaterial business in Europe. As the €108.4m proceeds received, net of associated transaction costs, were in excess of the €65.0m carrying value of the net assets disposed, combined with a €85.4m cumulative foreign currency translation loss since the initial investment, a loss on disposal before tax of €42.0m was recognised in the income statement.

Loss on fixed asset disposals and impairments
During the period ended 30 July 2022, the Group recorded an impairment of €2.4m in the ARYZTA Europe segment (2021: €4.3m), primarily related to the write-down of building assets to recoverable value.

Net gain on disposal of equity investment
In January 2021, ARYZTA completed the disposal of its remaining 4.6% shareholding in Picard for net proceeds of €24.3m. During the period ended 31 July 2021, a fair value gain through profit or loss of €8.6m was recorded in the Group Consolidated Income Statement in respect of this investment, comprising the gain on disposal and also a dividend of €1.1m received during the period.

Financial and Business Review (continued)

Restructuring-related costs

During the period ended 30 July 2022, the Group has recognised costs, including providing for amounts as required by IAS 37, ‘Provisions, Contingent Liabilities and Contingent Assets’, in the Group Consolidated Income Statement as follows:

Severance and other staff related costs
During the period ended 30 July 2022, the Group incurred €2.0m (2021: €28.4m) in severance and other staff-related costs. These costs primarily relate to employees whose services were discontinued as part of the Group's continued efficiency programs and the structural costs optimizations projects.

Other costs including advisory
During the period ended 30 July 2022, the Group incurred €0.5m (2021: €8.3m) in advisory and other costs primarily associated with ongoing bakery rationalisation and disposal transactions in Europe and Rest of World. During the prior period ended 31 July 2021, the Group incurred €16.1m in costs related to committed financial and legal services prior to the rejection by the Board of the proposed takeover of the Group in December 2020.

COVID-19 related costs

COVID-19 related costs were costs arising due to the effect of the COVID-19 pandemic, including any government-imposed restrictions impacting consumer demand and the production processes, net of any directly related government support. These costs were identified as quantifiable, distinguishable and separable from normal operations.

The Group did not incur any COVID-19 related costs during the period ended 30 July 2022. During the prior period ended 31 July 2021, the Group incurred COVID-19 related costs of €1.3m associated with furloughing employees and other incidental labour related costs and costs associated with implementing safety measures across the Group's bakery network.

Financial and Business Review (continued)

9 Cash generation

	FY 2022 €m	FY 2021 €m
Underlying EBITDA - continuing operations	218.8	173.4
Underlying EBITDA - discontinued operations	–	76.6
ARYZTA Underlying EBITDA	**218.8**	**250.0**
Working capital movement	(2.7)	(18.7)
Working capital movement from debtor securitisation[1]	23.0	(41.2)
Capital expenditure	(89.4)	(88.0)
Net payments on lease contracts	(33.8)	(45.4)
Proceeds from sale of fixed assets and investment property	5.7	8.1
Restructuring related cash flows	(11.9)	(54.2)
Operating free cash generation	**109.7**	**10.6**
Dividends received from equity investment	–	1.1
Dividends paid on hybrid instruments - actual	(43.0)	–
Interest and income tax on operating activities paid, net	(25.2)	(42.0)
Recognition of deferred income from government grants	(1.6)	(3.3)
Other	4.1	(0.5)
Cash flow generated from activities	**44.0**	**(34.1)**

1 Total debtor balances securitised as of 30 July 2022 is €108m (2021: €85m).

Reconciliation of IFRS cash flow from operating activities to Cash flow generated from activities:

	FY 2022 €m	FY 2021 €m
IFRS - Net cash flows from operating activities[2]	**200.1**	**84.3**
Purchase of property, plant and equipment	(83.3)	(84.0)
Purchase of intangible assets	(6.1)	(4.0)
Proceeds from sale of property, plant and equipment	4.8	5.2
Proceeds from sale of investment property	0.9	2.9
Lease principal payments	(29.4)	(39.7)
Dividends paid on hybrid instruments - actual	(43.0)	–
Dividend from equity investment	–	1.1
Cash flow generated from activities	**44.0**	**(34.1)**

2 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 85.

Financial and Business Review (continued)

10 Net debt and investment activity

	FY 2022 €m	FY 2021 €m
Opening net debt	**(220.1)**	**(1,010.7)**
Cash flow generated from activities	44.0	(34.1)
Net movements on lease liabilities	14.4	1.2
Disposal of businesses, net of tax and leases[1]	109.8	791.6
Disposal of equity investment	–	24.3
Hybrid instrument principal repayment	(48.0)	–
Dividends paid on hybrid instruments - deferred and compound	(172.0)	–
Receipt of vendor loan note	–	10.0
RCF termination costs	(8.3)	–
Foreign exchange movement	(7.1)	5.1
Other[2]	(2.7)	(7.5)
Closing net debt[3]	**(290.0)**	**(220.1)**

1 Disposal of businesses, net of tax and leases, comprises of €106.8m of cash proceeds on disposal of businesses and €17.2m of leases disposed, offset by €14.2m of directly attributable income tax payments made on disposal of businesses.

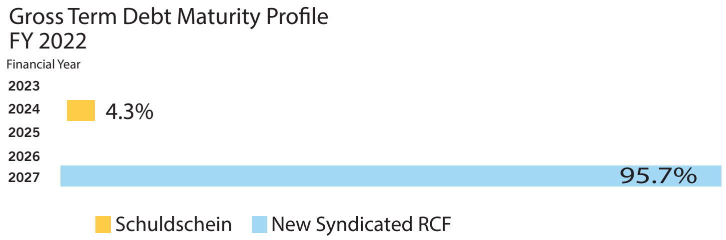
2 Other comprises primarily amortisation of upfront financing costs.

3 Excluding the €126.1m lease liabilities arising from IFRS 16 at 30 July 2022 (2021: €154.6m), the Group net debt would be €163.9m (2021: €65.5m).

As of 30 July 2022, the Group's gross term debt financing facilities, related capitalised upfront borrowing costs, finance leases, net of overdrafts and cash balances were as follows:

	FY 2022 €m	FY 2021 €m
Syndicated Bank RCF	(398.5)	(45.0)
State sponsored COVID-19 related loans	–	(21.9)
Schuldschein	(17.8)	(178.6)
Gross term debt	**(416.3)**	**(245.5)**
Upfront borrowing costs	6.6	9.1
Term debt, net of upfront borrowing costs	**(409.7)**	**(236.4)**
Cash and cash equivalents	245.8	170.9
Net debt excluding leases	**(163.9)**	**(65.5)**
Leases	(126.1)	(154.6)
Net debt	**(290.0)**	**(220.1)**

As of 30 July 2022, the weighted average interest cost of the Group debt financing facilities is 1.8% (2021: 1.7%) and the weighted average maturity of the Group gross term debt is 4.1 years.



Financial and Business Review (continued)

In September 2021, ARYZTA replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In connection with the early repayment of the existing facility, the Group incurred €8.3m of costs, due to the write off of existing RCF capitalised borrowing costs. Under the new RCF Agreement the Group's financial covenants are as follows:
– Leverage covenant (Net Debt: EBITDA): maximum 3.5x
– Interest cover covenant (EBITDA: Net interest, including Hybrid dividend), minimum:
>1.50x – until 31 January 2022
>2.00x – until 31 July 2022
>3.00x – until 31 July 2023
>3.50x – until facility termination date in September 2026.

In December 2021, the Group repaid €152.5m and US$11.5m of maturing Schuldschein notes with available capacity on the new RCF.

The covenants are summarised in the table below:

	FY 2021[1]	H1 FY 2022	FY 2022
Leverage covenant (maximum)	6.0x	3.5x	3.5x
Interest cover covenant (minimum)	1.0x	1.5x	2.0x

1 As per terms of previous €800m RCF Agreement.

The Group's key financial ratios at 30 July 2022 were as follows:

	FY 2022	FY 2021
Leverage covenant (Net Debt: EBITDA)[2]	1.01x	0.58x
Interest cover covenant (EBITDA: Net interest, including Hybrid dividend)[2]	3.17x	1.88x

2 Calculated as per Syndicated Bank Facilities Agreement terms.

Financial and Business Review (continued)

11 Hybrid funding

As of 30 July 2022, the Group has €814.1m of Hybrid funding outstanding, as reflected in the table below.

Instrument	Coupon	Coupon rate if not called	FY 2022 €m
CHF 400m	5.5%	6.045% +SARON 3 months compound rate	(411.1)
EUR 200m	6.8%	6.77% +5 Year Euro Swap Rate	(200.0)
CHF 190m	3.7%	4.213% +SARON 3 months compound rate	(195.3)
Hybrid funding principal outstanding at 30 July 2022 exchange rates			**(806.4)**
Hybrid instrument accrued dividends			(7.7)
Total Hybrid funding outstanding at 30 July 2022 exchange rates			**(814.1)**

As the instruments have no maturity date and repayment is at the option of ARYZTA, these perpetual callable subordinated instruments are recognised within other equity reserves at historical cost, net of attributable transaction costs, until such time that management and the Board of Directors have approved settlement of the applicable instrument. Any difference between the amount paid upon settlement of these instruments and the historical cost is recognised directly within retained earnings.

In October 2021, the Group announced that it would pay all deferred and actual dividends on its CHF Hybrids, and the deferred, actual and compound dividends on its Euro Hybrid in FY 2022. Dividend payments on these instruments of €215.0m were made during FY 2022, comprising €172.0m of deferred and compound dividends and €43.0m of actual dividends.

Dividends on these Hybrid instruments accrue at the coupon rate applicable to each respective instrument on an ongoing basis; however, a contractual obligation to pay these dividends in cash only arises when a Compulsory Payment Event, such as payment of a cash dividend to equity shareholders, has occurred within the last twelve months. Following the settlement of deferred, actual and compound dividends outstanding in October 2021, at 30 July 2022, €7.7m of unpaid hybrid dividends have been accrued on the Group Consolidated Balance Sheet.

In July 2022, the Group repurchased and cancelled €50.0m of the outstanding principal on its Euro Hybrid Bond, for consideration of €48.0m.
Movements related to the Hybrid instrument principals and dividends over the last two years were as follows:

	FY 2022			FY 2021		
	Principal €m	Dividends €m	Total €m	Principal €m	Dividends €m	Total €m
Balance at beginning of period	(797.6)	(175.7)	**(973.3)**	(797.2)	(129.2)	**(926.4)**
Hybrid instrument dividend charge	–	(45.2)	**(45.2)**	–	(46.2)	**(46.2)**
Hybrid instrument dividends paid - actual	–	43.0	**43.0**	–	–	–
Hybrid instrument dividends paid - deferred and compound	–	172.0	**172.0**	–	–	–
Hybrid instrument redemption	50.0	–	**50.0**	–	–	–
Translation adjustments	(58.8)	(1.8)	**(60.6)**	(0.4)	(0.3)	**(0.7)**
Balance at end of period	**(806.4)**	**(7.7)**	**(814.1)**	**(797.6)**	**(175.7)**	**(973.3)**

Financial and Business Review (continued)

12 Foreign currency

The principal euro foreign exchange currency rates used by the Group for the preparation of these Financial Statements are as follows:

Currency	Average FY 2022	Average FY 2021	% Change	Closing FY 2022	Closing FY 2021	% Change
CHF	1.0423	1.0868	4.1%	0.9730	1.0773	9.7%
USD	1.1139	1.1947	6.8%	1.0193	1.1882	14.2%
AUD	1.5445	1.5949	3.2%	1.4570	1.6072	9.3%
GBP	0.8466	0.8820	4.0%	0.8380	0.8515	1.6%

13 Return on invested capital

	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
30 July 2022			
Average segmental net assets[1,2]	1,157.9	99.9	1,257.8
NOPAT[1]	64.4	20.7	85.1
ROIC[1,3]	5.6%	20.7%	6.8%
31 July 2021			
Average segmental net assets[1,2]	1,221.8	153.7	1,375.5
NOPAT[1]	(38.5)	(0.8)	(39.3)
ROIC[1,3]	(3.2)%	(0.5)%	(2.9)%

1 See glossary in section 19 for definitions of financial terms and references used.

2 Average segmental net assets is the average of the beginning and ending segmental net assets. For the purposes of calculating the average segmental net assets, the net assets at the beginning of the twelve month period ended 30 July 2022 has been adjusted by €62.1m to exclude the impact of the disposal of the Brazil business, and the net assets at the beginning of the twelve month period ended 31 July 2021 has been adjusted by €734.0m to exclude the impact of the disposal of the ARYZTA North America disposed business.

3 Group WACC on a post-tax basis is currently 6.9% (2021: 6.5%).

Financial and Business Review (continued)

14 Net assets, goodwill and intangibles

	FY 2022 €m	FY 2021 €m
Property, plant and equipment	853.6	849.8
Investment properties	–	3.7
Goodwill and intangible assets	667.5	660.3
Working capital	(127.0)	(94.1)
Other segmental assets	4.1	6.0
Other segmental liabilities	(23.4)	(21.9)
Lease liabilities	(126.1)	(136.9)
Net assets of disposal group held-for-sale	–	62.1
Segmental net assets[1]	1,248.7	1,329.0
Interest bearing bank loans, net of cash	(163.9)	(65.5)
Deferred tax, net	(61.4)	(78.2)
Income tax payable	(87.7)	(82.9)
Derivative financial instruments	(3.3)	(0.3)
Net assets	**932.4**	**1,102.1**

1 See glossary in section 19 for definitions of financial terms and references used.

Net working capital comprises inventory, trade and other receivables and trade and other payables:

	FY 2022 €m	FY 2021 €m
Inventory	120.4	91.5
Trade and other receivables	152.5	151.1
Trade and other payables	(399.9)	(336.7)
Net working capital	**(127.0)**	**(94.1)**

Financial and Business Review (continued)

15 Dividend
No dividend is planned to be proposed for FY 2022. No dividend was proposed or paid for during FY 2021.

16 Post balance sheet events – after 30 July 2022
As of 30 September 2022, the date of approval of the Group consolidated financial statements by the Board of Directors, there have been no material significant events that would require adjustment or disclosure within the Group consolidated financial statements.

17 Principal risks and uncertainties
The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 74-75 to reflect the principal risks and uncertainties of the Group.

18 Forward looking statement
This document contains forward looking statements which reflect the Board of Directors' current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effects of a pandemic or epidemic or a natural disaster, or war and regulatory developments. You are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this document. The Company expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements other than as required by applicable laws.

Financial and Business Review (continued)

19 Glossary of financial terms and references

’Organic revenue’ – presents the revenue movement during the period, excluding impacts from acquisitions/(disposals) and foreign exchange translation. Please refer to “Basis of Preparation” on page 88-89 for further information.

‘Underlying EBITDA’ – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

‘IFRS EBITDA’ – presented as earnings before interest, taxation, depreciation and amortisation. A reconciliation of IFRS EBITDA to Underlying EBITDA from continuing operations by segment is presented in note 2 on page 106.

‘Underlying EBITA’ – presented as earnings before interest, taxation and non-ERP related intangible amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

‘ERP’ – Enterprise Resource Planning intangible assets comprise primarily the Group SAP system.

‘Hybrid instrument’ – presented as Perpetual Callable Subordinated Instruments, which have no contractual maturity date and for which the Group controls the timing of settlement; therefore, these instruments are accounted for as equity instruments in accordance with IAS 32 ‘Financial Instruments’.

‘Underlying net profit/(loss)’ – presented as reported net profit/(loss), adjusted to include the Hybrid instrument dividend as a finance cost; before non-ERP related intangible amortisation; before RCF early redemption-related costs; and before impairment, disposal, restructuring and COVID-19 related costs, net of related income tax impacts. The Group utilises the Underlying net profit/(loss) measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business.

'Cash flow generated from activities' – represents the company’s ability to generate free funds from its operating activities after its investments in fixed assets and repayments of lease liabilities. It is calculated as net cash flows from operating activities per the IFRS cash flow statement, adjusted for cash flows related to the purchase of property, plant and equipment and intangible assets, proceeds from sale of property plant and equipment, lease principal payments and dividends paid on hybrid dividends.

'Net debt' – is defined as the Group’s interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents.

'Segmental Net Assets’ – Excludes financial assets at fair value, bank debt, cash and cash equivalents and tax balances.

‘ROIC’ – Return On Invested Capital is defined as pro-forma trailing twelve month operating profit, before gains/losses on disposal of businesses, and after underlying tax, reflecting the full twelve month contribution from acquisitions and full twelve month deductions from disposals; divided by average Segmental Net Assets, as at the beginning and the end of the financial period.