Glanbia plc
2021 Full Year Results

Preliminary Statement of Results for the year ended 1 January 2022

Delivering better nutrition for every step of life’s journey

Thursday, 3 March 2022

glanbia

Glanbia FY 2021 results

Strong execution, adjusted EPS growth +22.1%, constant currency

3 March 2022 - Glanbia plc ("Glanbia", the "Group", the "Company", the "plc"), the global nutrition group, announces its preliminary results for the 2021 financial year ended 1 January 2022 ("Full year 2021", "FY 2021", "2021").

Results summary for the full year 2021

- Revenue growth, earnings and cash conversion well ahead of original expectations;
- Adjusted earnings per share ("EPS") of 87.15 cent (2020: 73.78 cent), up 22.1% constant currency (up 18.1% reported);
- Adjusted EPS for continuing operations of 77.84 cent (2020: 65.21 cent), up 23.9% constant currency (up 19.4% reported);
- Group revenue of €4,196.9 million (2020: €3,823.1 million), up 13.1% constant currency (up 9.8% reported) driven by a strong performance from Glanbia Performance Nutrition ("GPN") and Glanbia Nutritionals, Nutritional Solutions ("GN NS");
- GPN revenues were up 17.1% constant currency (up 14.5% reported) reflecting strong consumption trends;
- GN NS revenues were up 20.8% constant currency (up 17.5% reported) reflecting strong end-market demand and customer engagement;
- Robust operating performance with 100.2% cash conversion rate;
- Disposal of 40% interest in Glanbia Ireland joint venture for €307 million expected to complete in Q2 2022;
- Profit after tax of €167.4 million (2020: €143.8 million);
- Exceptional items €42.1 million reflecting investment in the GPN transformation programme and de-risking of pension liabilities;
- Basic EPS of 57.57 cent (2020: 48.72 cent);
- ESG strategy in place in FY 2021, Targets set for carbon emissions, waste and packaging; new Diversity, Equity and Inclusion programme resourced and progressed;
- Recommended final dividend per share of 17.53 cent; total 2021 dividend 29.28 cent; a 10% increase on prior year, representing a payout ratio of 33.6%;
- Reflecting the Group's strong cash flow and financial position, a new €50 million share buyback programme launched; and
- For 2022, the Group expects to deliver adjusted EPS growth for continuing operations from 2% to 8%, constant currency. Reported growth result is expected to be 5% higher based on current foreign exchange rates.

Commenting today Siobhán Talbot, Group Managing Director, said:

"I am pleased to announce that Glanbia delivered a strong performance in 2021 compared to the prior year as good revenue growth delivered an increase of 23.9% in adjusted EPS, constant currency, for continuing operations. This was well ahead of our expectations at the beginning of 2021 and was driven by strong global consumer demand in Glanbia's areas of nutrition expertise across ingredient solutions and our portfolio of nutrition brands. Our robust and effective operational execution delivered an excellent cash performance with 100.2% cash conversion in the year.

We also made progress on a number of strategic initiatives: GPN has delivered in excess of its initial margin improvement target on the transformation programme and added the German based LevlUp brand to our portfolio; GN NS expanded our healthy snacking capability with the acquisition of PacMoore; and we successfully commissioned a large-scale joint venture cheese and whey plant in Michigan, US. Furthermore we agreed the disposal of the plc's interest in Glanbia Ireland DAC to Glanbia Co-operative Society Limited for €307 million, reinforcing our focus on the GPN and GN NS growth platforms. From our strong cash flow, we returned over €91.3 million last year to shareholders via share buybacks as well as raising our dividend by 10%, and today we are announcing a new €50 million share buyback. As a purpose driven organisation, we progressed our environmental, social and governance ("ESG") agenda and are implementing our diversity, equity and inclusion ("DE&I") strategy.

Our clear strategic focus for 2022 and beyond is to drive growth across both GPN and GN NS as the nutrition partner of choice to our customers and consumers. During 2022, we anticipate the effects of Covid-19 will further abate, however the ongoing impact of cost inflation, especially dairy-related, will need to continue to be actively managed as it was in 2021. Based on today's market environment and current expectations for the remainder of the year, we expect adjusted EPS growth for continuing operations of 2% to 8%, constant currency for FY 2022, with growth primarily driven by GN NS. Based on current foreign exchange rates, we expect the reported growth rate to be 5% higher than the constant currency result."

Summary financials[1]

2021 full year results €'m	Reported FY 2021	Reported FY 2020	Reported Change	Constant Currency Change[2]
Wholly-owned business (pre-exceptional)				
Revenue	4,196.9	3,823.1	+9.8%	+13.1%
EBITA[3]	270.6	209.6	+29.1%	+ 34.0%
EBITA margin	6.4%	5.5%	+90bps	+100bps
Joint Ventures (continuing operations[4])				
Share of profit after tax (pre-exceptional)	19.2	37.7		
Profit after tax	167.4	143.8		
Profit after tax (continuing operations)	*141.0*	*120.8*		
Profit after tax (discontinued operations)	*26.4*	*23.0*		
Adjusted earnings per share[5]	87.15c	73.78c	+18.1%	+22.1%
Adjusted earnings per share (continuing operations)	*77.84c*	*65.21c*	+19.4%	+23.9%
Adjusted earnings per share (discontinued operations)	*9.31c*	*8.57c*		
Exceptional costs (after tax) (continuing operations)	(42.8)	(30.6)		
Basic earnings per share (continuing operations)	48.47c	40.93c		

1. This release contains certain alternative performance measures. Detailed explanation of the key performance indicators and non-IFRS performance measures can be found in the glossary on pages 35 to 43.
2. To arrive at the constant currency change, the average exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. The average euro US dollar exchange rate for FY 2021 was €1 = $1.183 (FY 2020: €1 = $1.142). Reported and constant currency movements are on a pre-exceptional basis.
3. EBITA is defined as earnings before interest, tax and amortisation.
4. Continuing operations. The Glanbia Ireland joint venture was classified as a discontinued operation on 17 December 2021. Results presented for continuing operations excludes the impact on the Group of the Glanbia Ireland joint venture. Discontinued operations reflects the contribution from the Glanbia Ireland joint venture. Prior year comparatives have been restated on the same basis.
5. Adjusted Earnings Per Share includes the contribution of continuing and discontinued operations.

FY 2021 constant currency summary of revenue progression

Revenue progression	FY 2021 versus FY 2020					
	Constant currency movement					Reported movement
	Volume	Price	Like-for-like	Acquisitions	Total constant currency	Total reported
Glanbia Performance Nutrition	11.4%	4.5%	15.9%	1.2%	17.1%	14.5%
Glanbia Nutritionals	18.1%	(7.7)%	10.4%	1.0%	11.4%	7.8%
Nutritional Solutions	*13.6%*	*3.7%*	*17.3%*	*3.5%*	*20.8%*	*17.5%*
US Cheese	*19.8%*	*(12.1)%*	*7.7%*	*-*	*7.7%*	*4.0%*
Total wholly-owned businesses	16.1%	(4.0)%	12.1%	1.0%	13.1%	9.8%

Revenue, EBITA and margin						
	FY 2021			FY 2020		
€'m	Revenue	EBITA	Margin %	Revenue	EBITA	Margin %
Glanbia Performance Nutrition	1,303.1	145.1	11.1%	1,138.0	91.2	8.0%
Glanbia Nutritionals	2,893.8	125.5	4.3%	2,685.1	118.4	4.4%
Nutritional Solutions	*877.4*	*101.1*	*11.5%*	*746.8*	*90.5*	*12.1%*
US Cheese	*2,016.4*	*24.4*	*1.2%*	*1,938.3*	*27.9*	*1.4%*
Total wholly-owned businesses	4,196.9	270.6	6.4%	3,823.1	209.6	5.5%

2021 full year overview

In FY 2021 Glanbia wholly-owned revenue was €4,196.9 million, an increase of 13.1% constant currency (up 9.8% reported). This was driven by growth in volume of 16.1% offset by a decline in price of 4.0% and acquisitions adding 1.0%. Both GPN and GN NS delivered double-digit volume growth and strong price improvement versus prior year. US Cheese price declines reflected market price reductions compared with FY 2020.

Wholly-owned EBITA pre-exceptional was €270.6 million, up 34.0% constant currency (up 29.1% reported), driven by strong volume growth and margin improvement in GPN. Wholly-owned EBITA margins were 6.4%, up 100 basis points constant currency and 90 basis points reported due to margin improvements in GPN.

Glanbia's pre-exceptional share of joint venture profit after tax for continuing operations decreased by €18.5 million to €19.2 million for FY 2021, as a result of strong prior year comparatives as well as commissioning costs for new joint venture plants.

Profit after tax for the year was €167.4 million compared to €143.8 million in 2020, comprising continuing operations of €141.0 million (2020: €120.8 million) and discontinued operations of €26.4 million (2020: €23.0 million). Profit after tax from continuing operations comprises pre-exceptional profit of €183.8 million (2020: €151.4 million) and exceptional charges of €42.8 million (2020: €30.6 million). The €32.4 million increase in pre-exceptional profit after tax is driven by the increased profitability of the wholly-owned business net of reduced profitability from joint ventures.

Adjusted EPS increased by 22.1% constant currency (18.1% reported) in the year, driven primarily by the increased profitability in both GPN and GN NS, offset by the expected reduced share of profits of joint ventures. Adjusted EPS comprises continuing operations of 77.84 cent (2020: 65.21 cent) and discontinued operations of 9.31 cent (2020: 8.57 cent). Adjusted EPS for continuing operations was up 23.9% constant currency versus prior year (up 19.4% reported).

Exceptional costs of €42.1 million primarily related to the planned investment in the GPN transformation programme and the restructuring cost of legacy defined benefit pension schemes, which further reduces the Group's long-term exposure to pension liabilities.

Basic earnings per share was 57.57 cent (2020: 48.72 cent).

Capital investment

Glanbia's total investment in capital expenditure (tangible and intangible assets) was €77.5 million in FY 2021 of which €61.6 million was strategic investment. The strategic capital investment programme included investment in the consolidation of GPN manufacturing sites in Chicago under the GPN transformation programme which enables more cost effective production. Total capital expenditure for 2022 is expected to be €75 million to €85 million.

Dividend

The Board is recommending a final dividend of 17.53 cent per share which brings the total dividend for the year to 29.28 cent per share, a 10.0% increase on prior year. This total dividend represents a payout of 33.6% of 2021 adjusted EPS which is within the Board's target dividend payout ratio of 25% to 35%. The final dividend will be paid on 6 May 2022 to shareholders on the share register on 25 March 2022.

Share buyback

Glanbia shareholders approved the Company's general authority to purchase shares of up to 10% of the issued share capital of the company at the 2021 annual general meeting ("AGM") on 6 May 2021.

During FY 2021 Glanbia purchased and cancelled 7,272,432 ordinary shares, representing 2.5% of total issued ordinary shares at the beginning of FY 2021, at a total cost of €91.3 million.

Buyback activity has continued in FY 2022 and between 4 January 2022 and 1 March 2022 the Company has purchased for cancellation 5,941,210 million shares at a total cost of €73.4 million.

The Board regularly considers share buybacks as an optional capital allocation tool and today announces that it has launched a further €50 million buyback programme and will seek to renew the general authority for a share buyback programme at the next AGM on 5 May 2022.

Environmental, Social and Governance

Glanbia has made significant progress on its Environmental, Social and Governance ("ESG") agenda in 2021. During the year the Glanbia environmental sustainability strategy, 'Pure Food + Pure Planet', was published with associated targets. Glanbia is focused on actions in the areas that are most important to stakeholders and has prioritised work in the area of carbon reduction, water and waste management and packaging. For carbon, Glanbia has committed to a 31% reduction in Scope 1 and 2 carbon emissions by 2030 and to reduce carbon emission intensity in the Group's dairy supply chain by 25% by 2030, from the 2018 base year. These targets have been validated by the Science Based Target initiative ("SBTi") to a well below two degrees Celsius pathway. Glanbia re-baselined its fresh water data across all operational control sites in 2021 which will inform action plans for water conservation and management. On waste, Glanbia has committed to 100% zero waste to landfill by 2025 across all production sites, building on the achievement of zero waste to landfill already achieved at the GPN locations and a reduction in food waste by 50% by 2030. On packaging, Glanbia is committing to all brand packaging materials being 100% recyclable, reusable, or compostable by 2030 with good progress to date on that journey. A dedicated Board committee has been established to oversee the Group's ESG strategy.

On the social agenda, Glanbia has also made significant progress on Diversity, Equity and Inclusion (DE&I) during the year with good engagement across the organisation culminating in a vision of inclusion to 'advance a culture where we celebrate individuality, knowing that together we are more'. Glanbia has increased resourcing in this area and launched a series of actions across education, talent acquisition and engagement to embed progress. Finally on governance, the representation structures of the Board continued to evolve in 2021 to facilitate broader diversity of Board members with the agreed reduction in the representation of Glanbia Co-operative Society Limited on the Board progressing to plan and the percentage of female representation on the Board increasing during the year.

Strategy

The Group has made significant progress on its portfolio during the year. In line with its strategy of simplifying the business behind its growth platforms, Glanbia agreed the disposal of the 40% interest in the Glanbia Ireland DAC joint venture ("Glanbia Ireland") to Glanbia Co-operative Society Limited for €307 million. Glanbia's growth strategy is now exclusively focused on meeting the increasing consumer trend for better nutrition by driving growth in its key areas of nutrition expertise, which spans innovative ingredient solutions and leading performance and lifestyle nutrition brands. The GPN and GN NS growth platforms are Glanbia's first priority for investment and capital allocation, their growth and development will be driven by a combination of both organic growth and acquisitions. This clear focus on better nutrition across brands and ingredient solutions, which contributes over 90% of wholly-owned EBITA, is well-supported by the Group's naturally strong cash generation. In addition, the Group's cheese and dairy ingredients activities, both wholly-owned and joint ventured, provide reliable returns and a robust source of ingredients supply. Whilst continuing to invest in the long-term sustainable growth of GPN and GN NS, the Group also plans to deliver cash returns to shareholders via a progressive dividend policy, with a payout ratio of 25% to 35%, as well as share buybacks when appropriate.

Glanbia Ireland disposal update

Shareholders have approved the disposal of the 40% interest in the Glanbia Ireland. Subject to standard regulatory clearances, it is expected that this transaction will close in Q2 2022 with €307 million to be paid in cash on closing. Glanbia will continue to provide certain corporate, business and IT services to Glanbia Ireland for a number of years following the close of the transaction. All contractual arrangements between Glanbia and Glanbia Ireland are arm's length and on market based commercial terms. While Glanbia will continue to be a customer of Glanbia Ireland for certain ingredients, these product supply agreements are not material to the Group's operating performance or financial results. Within 18 months of completion, Glanbia Ireland is required to change its name to a new name that does not include the name or word 'Glanbia'. Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations.

Outlook

During 2022, Glanbia anticipates the effects of Covid-19 will further abate, however the ongoing impact of cost inflation, especially dairy-related, will need to continue to be actively managed as it was in 2021. Given this context, Glanbia has started 2022 with good revenue growth in both GPN and GN NS and expects both businesses to deliver high single-digit percentage revenue growth for 2022, largely driven by pricing.

In GPN during H2 2021 effective pricing actions were implemented to help mitigate growing inflationary pressures and these pricing actions will continue in FY 2022. In addition, the efficiency benefits of the GPN transformation programme, incremental cost savings and dairy raw material forward purchases are expected to further mitigate the effects of cost inflation. Accordingly, Glanbia now expects GPN FY EBITA to be broadly in line with FY 2021, on a constant currency basis, given anticipated revenue growth offset by a margin decline of c.100 basis points versus prior year. Inflationary headwinds will also affect GN NS in FY 2022, however the combined impact of pricing actions plus further cost savings and efficiencies are expected to deliver a GN NS margin for FY 2022 broadly in line with the prior year, on a constant currency basis. FY 2022 performance for GN US Cheese is expected to be broadly in line with FY 2021, on a constant currency basis, with the performance of continuing JVs expected to reduce somewhat versus prior year due to ongoing start-up costs in the European JV as well as inflation headwinds.

At this stage the consequences for the global economy of the tragic events in Ukraine are uncertain. Glanbia will continue to monitor customer and consumer confidence across all its markets carefully. The Group has no operations in either Russia or Ukraine and total revenues to these regions are less than 2% of Group Revenue.

Accordingly, based on the current market environment and expectations for the remainder of the year, Glanbia expects to deliver growth in FY 2022 adjusted EPS for continuing operations in a range of 2% to 8% on a constant currency basis. The reported growth rate is expected to be higher than the constant currency result by approximately 5% based on current foreign exchange rates.

FY 2021 Review of operations and markets
Glanbia Performance Nutrition

€'m	FY 2021	FY 2020	Change	Constant Currency Change
Revenue	1,303.1	1,138.0	+14.5%	+17.1%
EBITA	145.1	91.2	+59.1%	+65.5%
EBITA margin	11.1%	8.0%	+310bps	+320bps

Commentary on percentage movements is on a constant currency basis throughout.

GPN revenue increased by 17.1% in FY 2021 versus prior year. This was driven by volume growth of 11.4% and price increase of 4.5% with the LevlUp acquisition, completed in May 2021, delivering 1.2% growth. Volumes grew in all markets as robust and effective in-market execution was aligned with strong demand. Demand was driven by both a post Covid-19 market inventory rebuild in the early part of the year and strong underlying consumption trends throughout the year. The price increase for the full year was driven by price increases implemented in the second half of 2020 and the third quarter of 2021. Like-for-like branded revenues increased by 18.3% in the financial year.

FY 2021 GPN EBITA increased by 65.5% versus prior year to €145.1 million. This was driven by the strong revenue growth and improved margin. The margin increase of 320 basis points reflected increased pricing, improved operating leverage and the realisation of benefits from the GPN transformation programme. Input costs were a benefit to margin in the first half and as expected were a headwind to second half margins.

In 2022, Glanbia now expects GPN revenue to grow by a high single-digit percentage and FY EBITA to be broadly flat on FY21 with the margin declining by c.100 basis points versus prior year. The year has started well with continued strong consumption trends in the performance and general lifestyle portfolio offsetting some continued weakness in the diet category. As in 2021, pricing action will continue into 2022 to help mitigate the effects of inflation, with price elasticity continuing to be closely monitored. The impact of inflation in GPN is expected to be material with year-on-year cost of goods sold ('COGS') inflation of approximately 20% with dairy input costs accounting for nearly 70% of that total. Importantly, GPN has secured supply and fixed pricing for 90% of its expected dairy input requirements for 2022 which provides good visibility as well as protection against any further dairy price increases. Over FY 2022, inflation is currently estimated to result in an EBITA margin headwind (after pricing action) of c.300 basis points. Further mitigating actions are in progress across all business areas which together with the benefits of the transformation programme and other incremental cost savings are expected to contain the EBITA margin decline versus FY 2021 to c.100 basis points. The year-on-year margin impact will be most pronounced in the first half given the favourable COGS comparator with the year-on-year performance improving as the year progresses.

GPN transformation programme

The delivery of planned revenue and margin enhancing initiatives under the GPN transformation programme continued during 2021 and the project has over delivered against its original margin contribution target of 200 basis points over the 2019 base. As GPN enters 2022 this programme is providing a fundamental underpin to margins as the business moves through the current high inflationary cycle. Key deliverables of the programme in 2021 were the delivery of revenue growth opportunities including pricing actions across all regions, the reshaping of the operating model to drive brand growth in the Americas and the execution of key efficiency projects including the consolidation of the supply chain footprint in North America. Over the term of the programme GPN's SKU's have been reduced by 35%, private label manufacturing has been largely exited, branded revenues now make up 98% of the portfolio, route-to-market in key territories has been improved and the GPN organisation has been simplified and aligned behind growth opportunities.

Americas

GPN Americas like-for-like branded revenues increased by 13.7% in FY 2021 compared to prior year. This was driven by volume growth in all channels, the impact of pricing actions, as well as ongoing strong revenue growth management. The Optimum Nutrition ("ON") brand had a strong performance in the period. ON consumption[1] growth in North America in the 52 weeks to 26 December 2021 was 18.8%. ON has benefitted from its leading position in its category, ongoing marketing investment and broad channel positioning. The SlimFast brand performance in the year reflected headwinds in the diet category. SlimFast consumption[1] in North America in the 52 weeks to 26 December 2021 declined by 4.3%. The think!, Amazing Grass and Isopure brands delivered strong growth in the period due to consumer focus on healthy snacking, clean ingredients and natural immunity.

International

GPN International, which includes direct-to-consumer (DTC), grew like-for-like branded revenues by 29.6% in FY 2021 compared to prior year. This was driven by volume growth in all regional markets as strong demand was driven both by a post Covid-19 market inventory rebuild in the early part of the year and strong underlying consumption trends throughout the year. Pricing action was also taken across all regions in response to inflationary trends.

1. North America measured channels include Online, FDMC (Food, Drug, Mass and Club) and Specialty channels. Data compiled from published external sources and Glanbia estimates.

Glanbia Nutritionals

GN Summary				Constant Currency
€'m	FY 2021	FY 2020	Change	Change
Revenue	2,893.8	2,685.1	+7.8%	+11.4%
EBITA	125.5	118.4	+6.0%	+9.8%
EBITA margin	4.3%	4.4%	-10bps	-10bps

GN divisional performance	FY 2021			FY 2020		
€'m	Revenue	EBITA	Margin %	Revenue	EBITA	Margin %
Nutritional Solutions	877.4	101.1	11.5%	746.8	90.5	12.1%
US Cheese	2,016.4	24.4	1.2%	1,938.3	27.9	1.4%
Total GN	2,893.8	125.5	4.3%	2,685.1	118.4	4.4%

Commentary on percentage movements is on a constant currency basis throughout.

GN recorded a strong performance in FY 2021 with revenues up 11.4% on prior year (reported 7.8 %). This was driven by volume increases of 18.1%, offset by a pricing decline of 7.7% and acquisitions adding 1.0% growth. Volume increase was driven by strong demand for innovative ingredient solutions in the GN NS portfolio and by the cheese and whey plant in the Michigan, US joint venture, which was commissioned in the first half of the year. Price decline was driven by US Cheese due to lower average market prices in the period versus a strong prior year comparator. GN EBITA increased in FY 2021 by 9.8% as a result of strong revenue growth which offset a margin decline of 10 basis points.

Nutritional Solutions

				Constant Currency
€'m	FY 2021	FY 2020	Change	Change
Revenue	877.4	746.8	+17.5%	+20.8%
EBITA	101.1	90.5	+11.7%	+15.7%
EBITA margin	11.5%	12.1%	-60bps	-50bps

GN NS is a leading provider of dairy and plant-based protein solutions as well as micro-nutrients and has added further capability to these core platforms via acquisitions. This strategy has further extended GN NS's capability in the areas of flavours, healthy snacking and bioactive ingredients.

GN NS revenues increased in FY 2021 by 20.8% versus prior year (reported 17.5 %). This was driven by a 13.6% increase in volume, a 3.7% increase in price and the Foodarom and PacMoore acquisitions delivering 3.5% growth. Volume growth was broadly based across the portfolio with strong growth in premix micro-nutrients and protein-based healthy snacking reflecting good end-market demand across a broad sectoral reach. GN NS continued to leverage its supply chain expertise delivering a strong operating performance. Price increase was primarily related to increased dairy ingredient market pricing year-on-year which were successfully passed on to customers

Consumer trends related to immunity, functional nutrition and healthy snacking have been a powerful driver of the business and GN NS has a unique set of solutions to partner with its customers in these areas. GN NS also maintained supply chain performance throughout 2021 to deliver strong volume growth while navigating significant volatility.

GN NS EBITA in FY 2021 was €101.1 million, 15.7% higher than prior year due to strong revenue growth. Margins declined by 50 basis points versus prior year to 11.5% driven by increased input costs in the period.

In 2022 GN NS expects to deliver good year-on-year EBITA growth driven by high single-digit revenue growth and stable margins. Despite material inflationary headwinds GN NS expects to deliver 2022 margins in line with the prior year as a range of mitigating actions to counter inflation are progressing including pricing action, procurement, efficiency and other cost saving initiatives. The year has started well as positive consumer trends across protein-based healthy snacking, immunity and mainstream functional foods continue.

US Cheese

€'m	FY 2021	FY 2020	Change	Constant Currency Change
Revenue	2,016.4	1,938.3	+4.0%	+7.7%
EBITA	24.4	27.9	-12.5%	-9.3%
EBITA margin	1.2%	1.4%	-20bps	-20bps

US Cheese revenue increased by 7.7% in FY 2021 (reported 4.0%). This was driven by a 19.8% increase in volume offset by a 12.1% decrease in price. Volume growth reflected good demand from customers and the addition of new US joint venture capacity, which was fully commissioned in the first half of the year. Market pricing was volatile throughout the year and averaged at lower levels than in FY 2020 due to the strong prior year comparatives.

US Cheese EBITA was €24.4 million in FY 2021, a decrease of €3.5 million versus the prior year. This was driven by reduced EBITA margin which declined by 20 basis points as a result of higher operating costs in the year and the negative mix effect of an increased proportion of revenues from joint ventures.

FY 2022 performance for GN US Cheese is expected to be broadly in line with 2021.

Joint ventures (Glanbia share)

€'m – pre-exceptionals	FY 2021	FY 2020	Change
Share of joint ventures' profit after tax - continuing operations	19.2	37.7	(18.5)
Share of joint ventures' profit after tax - discontinued operations	25.7	23.9	+1.8
Total	44.9	61.6	(16.7)

Glanbia's principal joint ventures (continuing operations) include MWC-Southwest Holdings, Glanbia Cheese UK and Glanbia Cheese EU. Glanbia uses the equity method of accounting for its joint ventures and includes its share of joint venture profit after tax in the adjusted earnings per share calculation. The Group's share of joint ventures' profit after tax pre-exceptionals for continuing operations decreased by €18.5 million to €19.2 million in FY 2021. This reduction was driven by an exceptionally strong, market driven, prior year comparative in the US joint venture as well as commissioning costs of new joint venture plants.

In November 2021, the Group announced its intention to sell its remaining 40% interest in Glanbia Ireland DAC to Glanbia Co-operative Society Limited. All shareholder approvals have now been obtained with completion of the transaction anticipated in Q2 2022, subject to standard regulatory clearances. The proposed transaction was approved by members of the Society on 17 December 2021, following which this joint venture investment was considered as an investment 'held-for-sale', with equity accounting ceasing to apply from that date. In addition, as Glanbia Ireland represents a significant component and separately reported segment of the Group, the Group's share of Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations, with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations. The Group's share of joint venture profits from discontinued operations increased by €1.8 million to €25.7 million (2020: €23.9 million) in the year. The joint venture delivered a strong operational performance with year-on-year volume and price growth as a result of favourable market dynamics.

For FY 2022 the performance of continuing JVs is expected to reduce versus the prior year largely due to expected start-up costs in the commissioning of the new European JV plant.

Board changes

A full list of current directors and Board committee members is maintained on the Glanbia plc website: www.glanbia.com.

On 24 February 2022 Glanbia announced the following Board and Committee chair changes:

- Paul Duffy, Independent Non-Executive Director, will succeed Dan O'Connor as Chairperson of the Audit Committee effective 7 March 2022;
- Patrick Coveney will retire as an Independent Non-Executive Director effective 30 March 2022; and
- Vincent Gorman (a director nominated by the Society) will retire from the Board at the forthcoming AGM on 5 May 2022.

Furthermore, Michael Horan, Group Secretary, has been appointed to a new role of Chief Finance and Secretariat Officer of Glanbia Co-operative Society Limited effective 4 April 2022 and will step down from this role and as a member of the Group Operating Executive, with effect from that date. Liam Hennigan, Group Director of Strategic Planning & Investor Relations, will take on an expanded role of Company Secretary & Head of Investor Relations for Glanbia plc with effect from 4 April 2022.

FULL YEAR 2021 FINANCE REVIEW

2021 Group income statement

€'m	2021 Pre-exceptional	2021 Exceptional	2021 Total	2020 Pre-exceptional	2020 Exceptional	2020 Total
Revenue – continuing operations	**4,196.9**	**-**	**4,196.9**	3,823.1	-	3,823.1
Earnings before interest, tax and amortisation (EBITA)	**270.6**	**(48.4)**	**222.2**	209.6	(34.5)	175.1
EBITA margin	**6.4%**		**5.3%**	5.5%	-	4.6%
Intangible asset amortisation	**(63.9)**	**-**	**(63.9)**	(60.9)	-	(60.9)
Operating profit	**206.7**	**(48.4)**	**158.3**	148.7	(34.5)	114.2
Finance income	**2.0**	**-**	**2.0**	4.1	-	4.1
Finance costs	**(19.5)**	**-**	**(19.5)**	(24.6)	-	(24.6)
Share of results of joint ventures	**19.2**	**(2.0)**	**17.2**	37.7	(0.3)	37.4
Profit before taxation	**208.4**	**(50.4)**	**158.0**	165.9	(34.8)	131.1
Income taxes	**(24.6)**	**7.6**	**(17.0)**	(14.5)	4.2	(10.3)
Profit after tax from continuing operations	**183.8**	**(42.8)**	**141.0**	151.4	(30.6)	120.8
Discontinued operations						
Profit after tax from discontinued operations	**25.7**	**0.7**	**26.4**	23.9	(0.9)	23.0
Profit for the year	**209.5**	**(42.1)**	**167.4**	175.3	(31.5)	143.8

Revenue

Revenue increased in 2021 by 13.1% versus prior year on a constant currency basis to €4.2 billion, an increase of 9.8% on a reported basis. Like-for-like wholly-owned revenue increased by 12.1%, driven by volume growth of 16.1% and net price declines of 4.0%. The full year impact of the 2020 Foodarom acquisition, and the recent PacMoore and LevlUp acquisitions added a further 1.0% to annual revenue. Detailed analysis of revenue is set out within the operations review.

EBITA (pre-exceptional)

EBITA before exceptional items increased 34.0% constant currency (+29.1% reported) to €270.6 million (2020: €209.6 million) primarily due to higher EBITA in GPN. EBITA margin in FY 2021 was 6.4%, an increase of 90 basis points reported versus prior year (2020: 5.5%).

GPN pre-exceptional EBITA increased by 65.5% constant currency to €145.1 million (2020: €91.2 million), an increase of 59.1% on a reported basis. GPN pre-exceptional EBITA margin at 11.1% was 310 basis points higher than prior year reported, due to positive operating leverage and margin benefit derived from ongoing transformation programme initiatives.

GN pre-exceptional EBITA grew 9.8% constant currency to €125.5 million (2020: €118.4 million), an increase of 6.0% on a reported basis. GN pre-exceptional EBITA margin was 4.3%, down 10 basis points from 2020, due to the prior year having higher market pricing dynamics which did not repeat in 2021.

Net finance costs

Net finance costs decreased by €3.0 million to €17.5 million (2020: €20.5 million). The decrease was driven by reduced debt levels and significantly lower interest rates on US$325 million of fixed rate indebtedness re-financed during H1 2021. The Group's average interest rate in 2021 was 3.0% (2020: 2.9%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 95% of projected 2022 debt currently contracted at fixed rates.

Share of results of joint ventures (continuing operations)

The Groups' share of results of joint ventures (continuing operations) is stated after tax and before exceptional items. The Group's share of joint venture profits from continuing operations decreased by €18.5 million to €19.2 million (2020: €37.7 million) in the year. This reduction was driven by an exceptionally strong, market driven, prior year comparative in the US joint ventures as well as 2021 commissioning costs of new US and EU joint venture projects. Operationally, the joint ventures, particularly in the US, delivered a strong performance with year-on-year volume growth, primarily driven by the successful commissioning of a new large-scale cheese and whey facility in Michigan, US. Market pricing in the US Cheese market was volatile through 2021 and while the joint venture models effectively pass through these pricing movements, it did result in a revenue decline in the year. Commissioning continues in the Glanbia Cheese EU joint venture mozzarella facility in Ireland with further start-up costs expected in 2022. The share of results from joint ventures from discontinued operations is discussed below.

Income taxes

The 2021 pre-exceptional tax charge increased by €10.1 million to €24.6 million (2020: €14.5 million). This represents an effective tax rate, excluding joint ventures, of 13.0% (2020: 11.3%). The increase in the pre-exceptional tax rate is driven primarily by the improved performance and profitability across the Group and the geographic mix of those profits. The tax credit related to exceptional items is €7.6m (2020: 4.2m). The Group currently expects that its effective tax rate for 2022 will be in the range of 12% to 13%.

Share of results of joint ventures (discontinued operations)

The Group's share of joint venture profits from discontinued operations increased by €1.8 million to €25.7 million (2020: €23.9 million) in the year.

As noted above, discontinued operations relate to the Group's disposal of its remaining 40% interest in Glanbia Ireland to the Society for which all shareholder approvals have now been obtained with completion of the transaction anticipated in Q2 2022, subject to standard regulatory clearances. This joint venture investment was considered as an investment 'held-for-sale', with equity accounting ceasing to apply from 17 December 2021, the date of approval of the transaction by members of the Society. On this basis and as Glanbia Ireland represents a significant component and separately reported segment of the Group, the Group's share of Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations, with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations.

Exceptional items

€'m – continuing operations	2021	2020
Organisation redesign costs (note 1)	**18.1**	31.2
Pension-related costs (note 2)	**30.3**	-
Acquisition integration costs (note 3)	**-**	3.4
Legal settlement gain (note 4)	**-**	(3.4)
Asset impairments (note 5)	**-**	(0.4)
Covid-19 costs (note 6)	**-**	3.7
Wholly-owned exceptional charge before tax	**48.4**	34.5
Share of results of equity accounted investees (2021 charge: note 2; 2020 charge: note 6)	**2.0**	0.3
Exceptional tax credit	**(7.6)**	(4.2)
Exceptional charge after tax	**42.8**	30.6

€'m – discontinued operations	2021	2020
Share of results of equity accounted investees (2021 gain: note 7; 2020 charge: note 6)	**(0.7)**	0.9
Exceptional (gain)/charge after tax – discontinued operations	**(0.7)**	0.9

During 2021 there were cash outflows of €50.9 million and €5.0 million in respect of exceptional charges recognised in FY 2021 and FY 2020 respectively. During 2020 there were cash outflows of €29.5 million in respect of exceptional charges incurred in FY 2020 and prior years.

Details of the exceptional items are as follows:

1. ***Organisation redesign costs*** primarily relates to a fundamental reorganisation of the GPN segment which commenced in 2019. This global transformation programme aims to realign operating and supply chain structures in support of individual businesses, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Costs incurred to date includes people and property related costs, and professional consulting fees. The investment phase of this multi-year strategic programme is now complete and no further costs are anticipated.
2. ***Pension related costs*** *r*elate to the restructure of legacy defined benefit pension schemes associated with the Group and joint ventures, which included initiating a process for the ultimate buyout and wind up of these schemes and a further simplification of schemes that remain. Costs incurred relate to the estimated cost of the settlement loss as a result of acquiring bulk purchase annuity policies to mirror and offset movements in known liabilities of the schemes ('buy-in' transaction), as well as related advisory and execution costs, net of gains from the completion of an Enhanced Transfer Value exercise that reduces risk in the remaining schemes.
3. Prior year ***acquisition integration costs*** comprised material costs relating to the acquisition, integration and restructuring of acquired businesses. No material once off costs of this nature were incurred in 2021.
4. Prior year ***legal settlement gain*** relates to net compensation received following the successful conclusion of a legacy case, with no similar gains in 2021.
5. Prior year ***asset impairments*** credit relates to the release of a provision not required on the disposal of certain inventory following the completion of a rationalisation and simplification of certain product lines and related assets in the GPN business. No similar costs were incurred in 2021.
6. Prior year ***Covid-19 costs*** relate to the initial costs of dealing with the Covid-19 pandemic for both the Group and its joint ventures, including the costs of implementing measures to protect people, incremental payments to front line workers during the height of the pandemic and other incidental labour related costs directly associated with the onset of this global pandemic. Similar costs were not incurred in 2021.
7. Exceptional item from ***discontinued operations*** relates to the Glanbia Ireland joint venture that was classified as a discontinued operation on 17 December 2021. The net gain in 2021 includes once off gains on the settlement of forward contracts and pension reorganisation, net of charges relating to the costs of a company-wide reorganisation programme that includes redundancy cost, professional service costs and impairment charges.

Profit after tax

Profit after tax for the year was €167.4 million compared to €143.8 million in 2020, comprising continuing operations of €141.0 million (2020: €120.8 million) and discontinued operations of €26.4 million (2020: €23.0 million). Profit after tax from continuing operations comprises pre-exceptional profit of €183.8 million (2020: 151.4 million) and exceptional charges of €42.8 million (2020: €30.6 million). The €32.4 million increase in pre-exceptional profit after tax is driven by the increased profitability of wholly-owned businesses net of reduced profitability of Joint Ventures and Associates.

Profit after tax for the year includes profit from discontinued operations being the performance of the Glanbia Ireland joint venture up to the date it was classified as a 'held-for-sale' asset (17 December 2021), following which equity accounting ceased to be applied. Profit after tax (including exceptional items) from discontinued operations increased by €3.4 million to €26.4 million in the year.

Earnings per share (EPS)

	2021	2020	Reported Change	Constant Currency Change
Basic EPS	**57.57c**	**48.72c**	**+18.2%**	**+22.3%**
– continuing operations	48.47c	40.93c	+18.4%	+23.3%
– discontinued operations	9.10c	7.79c	+16.8%	+16.8%
Adjusted EPS	**87.15c**	**73.78c**	**+18.1%**	**+22.1%**
– continuing operations	77.84c	65.21c	+19.4%	+23.9%
– discontinued operations	9.31c	8.57c	+8.6%	+8.6%

Basic EPS increased by 18.2% reported versus prior year, driven by a year-on-year increase in pre-exceptional profitability.

Adjusted EPS is a Key Performance Indicator (KPI) of the Group, a key metric guided to the market and a key element of Executive Director and senior management remuneration. Adjusted EPS increased by 22.1% constant currency (18.1% reported) in the year, driven primarily by the increased profitability in both GPN and GN segments, offset by a reduced share of profits of joint ventures due to an exceptionally strong, market driven, prior year comparative in the US joint ventures. Adjusted EPS comprises continuing operations of 77.84 cent (2020: 65.21 cent) and discontinued operations following the classification of the Glanbia Ireland joint venture as held-for-sale of 9.31 cent (2020: 8.57 cent).

Cash flow

The principal cash flow KPIs of the Group and Business Units are Operating Cash Flow (OCF) and Free Cash Flow (FCF). OCF represents EBITDA of the wholly-owned businesses net of business-sustaining capital expenditure and working capital movements, excluding exceptional cash flows. FCF is calculated as the cash flow in the year before the following items: strategic capital expenditure, equity dividends paid, expenditure on share buyback, acquisition spend, proceeds received on disposal, exceptional costs paid, loans/equity invested in joint ventures and foreign exchange movements. These metrics are used to monitor the cash conversion performance of the Group and Business Units and identify available cash for strategic investment. OCF conversion, which is OCF as a percentage of EBITDA is a key element of Executive Director and senior management remuneration. OCF and FCF results for the Group are outlined below.

€'m	2021	2020
EBITDA pre-exceptional	**333.6**	273.5
Movement in working capital (pre-exceptional)	**16.5**	77.8
Business-sustaining capital expenditure	**(15.9)**	(16.5)
Operating cash flow	**334.2**	334.8
Net interest and tax paid	**(51.5)**	(43.0)
Dividends from joint ventures	**33.9**	36.6
Payment of lease liabilities	**(19.1)**	(19.2)
Other inflows/(outflows)	**6.4**	(2.7)
Free cash flow	**303.9**	306.5
Strategic capital expenditure	**(61.6)**	(47.7)
Dividends paid to Company shareholders	**(80.5)**	(78.6)
Share buyback (Purchase of own shares)	**(91.3)**	(16.6)
Payment for acquisition of subsidiaries	**(95.0)**	(21.9)
Exceptional costs paid	**(55.9)**	(29.5)
Proceeds from sale of property, plant and equipment	**1.5**	-
Loans/investment in joint ventures	**(10.7)**	(9.6)
Net cash flow	**(89.6)**	102.6
Exchange translation	**(23.6)**	30.0
Cash/(debt) acquired on acquisition	**4.4**	(12.2)
Net debt movement	**(108.8)**	120.4
Opening net debt	**(493.9)**	(614.3)
Closing net debt	**(602.7)**	(493.9)

OCF was €334.2 million in the year (2020: €334.8 million) and represents a strong cash conversion on EBITDA of 100.2% (2020: 122.4%). The OCF conversion target for the year was 80%. The OCF conversion remains very strong albeit that it has reduced since the prior year as a result of an increased strategic investment in working capital to support both supply chain efficacy and revenue growth across the group.

The Group continues to actively manage its working capital, with strong management of inventory and receivables throughout the year.

FCF was €303.9 million versus €306.5 million in 2020, with the reduction primarily due to higher net tax payments in the year.

Acquisition spend relates to the cost of LevlUp and PacMoore acquisitions, which completed in May 2021 and September 2021 respectively, and final earn-out payments of the 2020 Foodarom acquisition. Loans to/equity in joint ventures includes the continuation of the investment in Glanbia Cheese EU, the mozzarella cheese joint venture in Portlaoise, Ireland.

Share buyback cash flows relate to the conclusion of a share buyback programme of €50 million launched in November 2020 which concluded in 2021, another programme of €50 million which commenced and concluded in 2021, and a third €50 million programme which commenced in December 2021 and which was continued into 2022. The Board continues to review buyback programmes as part of the Groups capital allocation strategy as they provide an opportunity to allocate capital to the benefit of shareholders.

Group financing

Financing Key Performance Indicators	2021	2020
Net debt (€'m)	602.7	493.9
Net debt: adjusted EBITDA	1.71 times	1.70 times
Adjusted EBIT: net finance cost	15.1 times	10.0 times

The Group's financial position continues to be strong. Net debt at the end of 2021 was €602.7 million (2020: €493.9 million), an increase of €108.8 million from prior year. At year-end 2021, Glanbia had committed debt facilities of €1.16 billion (2020: €1.23 billion) with a weighted average maturity of 3.9 years (2020: 4.4 years). Glanbia's ability to generate cash as outlined above and its available debt facilities ensures the Group has considerable capacity to finance future investments. Net debt to adjusted EBITDA was 1.71 times (2020: 1.70 times) and interest cover was 15.1 times (2020: 10.0 times), both metrics remaining well within financing covenants.

Use of capital

Capital expenditure

The cash outflow relating to capital expenditure for the year amounted to €77.5 million (2020: €64.2 million) which includes €15.9 million of business-sustaining capital expenditure and €61.6 million of strategic capital expenditure. Key strategic projects completed in 2021 include the consolidation of GPN manufacturing sites in Chicago as part of the GPN transformation programme.

Investments in Joint Ventures (JVs)

During 2021, the Group continued developing its joint venture investment portfolio, which commenced in 2018. The new cheese and whey manufacturing facility in Michigan, US which is part of the MWC-Southwest Holdings JV was successfully fully commissioned in H1 2021 with no further investment required in the year.

During 2021 the Group also advanced a further €10.7 million to Glanbia Cheese EU, the joint venture mozzarella cheese plant in Portlaoise, Ireland, bringing the total invested to €38.7 million, with a further €10.0 million cash contributions committed in addition to an undrawn loan facility of €1.3 million. Commissioning is ongoing and is expected to complete in 2022.

Return on Capital Employed (ROCE)

	2021	2020	Change
Return on Capital Employed	**10.1%**	**9.0%**	**+110bps**
– continuing operations	10.0%	8.8%	+120bps
– discontinued operations	12.0%	11.6%	+40bps

Return on Capital Employed (ROCE) increased in 2021 by 110 basis points to 10.1%. This increase was primarily due to improved profitability in GPN as a result of improved operating leverage and benefits from the successful delivery of the GPN transformation programme. Acquisitions remain a key part of the growth strategy of the Group with investments assessed against a target benchmark of 12% return after tax by the end of year three.

Dividends

The Board is recommending a final dividend of 17.53 cent per share which brings the total dividend for the year to 29.28 cent per share, a 10% increase over 2020. This total dividend represents a return of €84.5 million to shareholders from 2021 earnings and a payout ratio of 33.6% of 2021 adjusted earnings per share which is in line with the Board's target dividend payout ratio of 25% to 35%. The final dividend will be paid on 6 May 2022 to shareholders on the share register on 25 March 2022.

Total Shareholder Return

Total Shareholder Return (TSR) for 2021 was +21%. The STOXX Europe 600 Food & Beverage Index (F&B Index) a benchmark for the Group, increased by 24.1% in 2021. The three-year period 2019 to 2021 Glanbia TSR was negative 19.7% versus the F&B Index of +51.4%. The five-year Glanbia TSR to 2021 was negative 14.5% versus the F&B Index of +60.9%. Glanbia's share price at the end of the financial year was €12.30 compared to €10.38 at the 2020 year-end, an 18.5% increase.

Impact of new accounting standards

No new accounting standards were adopted in 2021. Amendments to existing standards during the year did not have a material impact on the Group.

Pension

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased by €15.1 million to €14.2 million in 2021 (2020: €29.3 million). The defined benefit pension liability is calculated by discounting the estimated future cash outflows using appropriate corporate bond rates. During 2021, the company restructured UK pension schemes, crystallising a settlement loss that was more than offset by additional employer contributions and actuarial gains in the period, leading to the overall reduction in net pension liability. A further restructuring of Irish pension schemes, resulted in gains that offset some of the UK related losses, ultimately reducing the net pension liabilities and future volatility on the Group's balance sheet.

Foreign exchange

Glanbia generates over 90% of its earnings in US dollar currency and has significant assets and liabilities denominated in US dollars. As a result, and as Glanbia's reporting currency is euro, there can be a significant impact to reported numbers arising from currency movements year-on-year and on translation of US dollar non-monetary assets and liabilities in the preparation of the Consolidated Financial Statements. Commentary has been provided within the income statement on a constant currency basis to provide a better reflection of the underlying operating results in the year, as this removes the translational currency impact. To arrive at the constant currency change, the average foreign exchange rate for the current period is applied to the relevant reported result from the same period in the prior year. At the balance sheet date, due to the strengthening of the US dollar compared to prior year, there was a currency translation gain arising primarily on the translation of US assets and liabilities into euro which is presented within other comprehensive income and amounted to €126.7 million in the year. The amount included a gain of €13.0 million on the retranslation of non-euro denominated cash and cash equivalents as presented in the cash flow statement. Average and year-end euro to US dollar rates were as follows:

	Average		Year-end	
	2021	**2020**	**2021**	**2020**
1 euro converted to US dollar	**1.1826**	1.1423	**1.1326**	1.2271

Investor relations

Glanbia has a proactive approach to shareholder engagement. The Annual General Meeting is the key event in the year. Due to the Covid-19 pandemic, the 2021 AGM was held as a closed meeting. Shareholders were provided with an opportunity to submit questions in advance of the meeting and were invited to follow the proceedings of the AGM by listening via a teleconference. All details relating to the AGM were published on the Company's website: www.glanbia.com/agm.

The Group Chairman consulted directly with a number of shareholders throughout the year. The Remuneration Chair led a consultation on Remuneration Policy and this feedback was shared and discussed by the Board. The Group Director of Strategic Planning and Investor Relations undertook shareholder consultation on the Group's share buyback resolution and published a summary of the feedback, where available.

In 2021, Glanbia virtually attended 16 international equities investor conferences which were organised by a variety of independent organisations. In addition to full year and half year results, Glanbia publishes interim management statements after the first and third quarters to provide investors with a regular update on performance and expectations throughout the year. All releases, reports and presentations are made available immediately on publication on the Group's investor relation website.

Principal Risks and Uncertainties

The Board of Glanbia plc has the ultimate responsibility for the Group's systems of risk management and internal control. The Directors of Glanbia have carried out a robust assessment of the Group's principal risks, including those that may threaten Glanbia's business model, future performance, solvency or liquidity. The risk categorisation recognises the external risks associated with the operating environment, which are typically considered and managed through strategic processes, and the mainly internal risks associated with people, processes and systems which are managed through Glanbia's internal controls. Emerging risks with the potential to impact longer term success are also considered to ensure appropriate plans are in place to respond to them over time.

The Group's principal risks and uncertainties are summarised in the risk profile table below. No new principal risks were identified during the year while some fluctuation in the risk trends did arise including:

- The risk trend for market disruption risk reduced from increasing to stable during the year due to the pace of the Covid-19 vaccination rollout and the resulting benefits to consumer mobility and the ability of businesses to reopen.
- The supply chain risk trend has increased from stable to increasing as global activity has increased supply chain pressures and inflation has created headwinds across the business into 2022.
- Economic, industry and political, climate change, talent management, and cyber security and data protection risks continue to trend upwards.
- The previously reported climate change risk has moved from the Emerging to Strategic/External category. This is due to the increasing importance of this risk on the Groups strategy and the continuing efforts being applied at a Group level in this area.

There may be other risks and uncertainties that are not yet considered material or not yet known to Glanbia and this list will change if these risks assume greater importance in the future. Likewise some of the current risks will drop off the key risks schedule as management actions are implemented or changes in the operating environment occur.

	Strategic/External	Financial	Technological	Operational/Regulatory
Risk where trend is increasing	• Economic, industry and political • Climate change		• Cyber security and data protection	• Supply chain • Talent management
Risk where trend is stable	• Market disruption • Customer concentration	• Taxation changes	• Digital transformation	• Health and safety • Product safety and compliance • Acquisition/integration

Key risk factors and uncertainties with the potential to impact on the Group's financial performance in 2022 include:

- **Economic, industry and political risk** – continues to increase primarily due to the significant inflationary pressures across the global economy and the geo-political risks associated with the conflict between Russia and the Ukraine.
- **Market disruption risk** – the risk of further waves of Covid-19 may disrupt markets re-opening fully, and remaining open, in 2022 and delay markets returning to pre-Covid levels, particularly in the GPN International markets, distributor networks and/or the specialty channel. Price increases driven by input cost inflation may also disrupt demand.
- **Customer concentration risk** – while strategically the Group aims to build strong customer relationships with major customers, material disruption with, or loss of, one or more of these customers, or a significant deterioration in commercial terms, could materially impact profitability. It can also expose the Group to credit exposure and other balance sheet risks. The Board is focused on utilising available mitigation to limit such exposures where possible.
- **Supply chain risk** – Glanbia is actively monitoring a number of supply chain and inflationary pressures including:
    - The overall impact on margins of movements in dairy pricing, particularly in whey markets, which experienced significant price increases in 2021 and are expected to continue into the majority of 2022. This has resulted in price increases to offset some of the increased input costs and further increases may be required in 2022. Any further price increases will be managed against the Group's ambition to continue to drive revenue growth;
    - The ability of governments and medical agencies to suppress the spread of the Covid-19 virus. This continues to be important in preventing unexpected supply chain disruptions which could result in restrictions on the importation of key raw materials and/or negative impacts on the Group's international sales channels. The Group is holding appropriate safety stocks for core raw materials, however a prolonged impact to supply chains would have negative consequences from both a supply and pricing perspective; and
    - Labour markets are competitive, particularly in the US, and plants are operating at a high capacity. Labour inflation, together with global supply chain cost increases in transport, logistics and containers, is putting supply chains under pressure and these risks will require careful navigated in 2022.
- **Health and Safety risk –** a failure to maintain good health and safety practices or a significant escalation in the spread of the virus or new variants, in Glanbia's core markets, may adversely impact performance. A wide range of additional measures and mitigations have been introduced as a result of the Covid-19 pandemic which build on the existing strong controls across the Group.

The Group actively manages these and all other risks through its risk management and internal control processes.

Cautionary statement

This announcement contains forward-looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The Directors undertake no obligation to update any forward-looking statements contained in this announcement, whether as a result of new information, future events, or otherwise.

On behalf of the Board

Siobhán Talbot Group Managing Director	Mark Garvey Group Finance Director

3 March 2022

Annual General Meeting (AGM)

Glanbia plc's AGM will be held on Thursday, 5 May 2022. The logistics of this meeting will be subject to guidance and regulations of the Government of Ireland in relation to public gatherings and the prevention of the spread of Covid-19. Glanbia will publish more details on this closer to the time of the event.

Results webcast and dial-in details

There will be a webcast and presentation to accompany this results announcement at 8.30 a.m. GMT today. Please access the webcast from the Glanbia website at https://www.glanbia.com/investors/results-centre, where the presentation can also be viewed or downloaded. In addition, a dial-in facility is available using the following numbers:

Global	+353 (0)1 2465682
Ireland	+353 (0)1 2465682
Italy	+39 02 3602 6066
Netherlands	+31 (0)20 703 8218
United Kingdom	+44 (0)330 336 9601
United States	+1 323 701 0160

The access code for all participants is: 3975669
A replay of the call will be available for 30 days approximately two hours after the call ends.

For further information contact

Glanbia plc +353 56 777 2200

Siobhán Talbot, Group Managing Director	
Mark Garvey, Group Finance Director	
Liam Hennigan, Group Director Strategic Planning and Investor Relations	+353 86 046 8375
Martha Kavanagh, Head of Corporate Communications	+353 87 646 2006

Group income statement
for the financial year ended 1 January 2022

	Notes	2021 Pre-exceptional €'m	2021 Exceptional €'m (note 4)	2021 Total €'m	2020 Pre-exceptional €'m	2020 Exceptional €'m (note 4)	2020 Total €'m
Continuing operations							
Revenue	3	**4,196.9**	**–**	**4,196.9**	3,823.1	–	3,823.1
Operating profit before intangible asset amortisation (earnings before interest, tax and amortisation (EBITA))	3	**270.6**	**(48.4)**	**222.2**	209.6	(34.5)	175.1
Intangible asset amortisation	3	**(63.9)**	**–**	**(63.9)**	(60.9)	–	(60.9)
Operating profit	3	**206.7**	**(48.4)**	**158.3**	148.7	(34.5)	114.2
Finance income	6	**2.0**	**–**	**2.0**	4.1	–	4.1
Finance costs	6	**(19.5)**	**–**	**(19.5)**	(24.6)	–	(24.6)
Share of results of joint ventures accounted for using the equity method		**19.2**	**(2.0)**	**17.2**	37.7	(0.3)	37.4
Profit before taxation		**208.4**	**(50.4)**	**158.0**	165.9	(34.8)	131.1
Income taxes	7	**(24.6)**	**7.6**	**(17.0)**	(14.5)	4.2	(10.3)
Profit from continuing operations		**183.8**	**(42.8)**	**141.0**	151.4	(30.6)	120.8
Discontinued operations							
Profit after tax from discontinued operations	5	**25.7**	**0.7**	**26.4**	23.9	(0.9)	23.0
Profit for the year		**209.5**	**(42.1)**	**167.4**	175.3	(31.5)	143.8
Attributable to:							
Equity holders of the Company	12			**167.0**			143.8
Non-controlling interests				**0.4**			–
				167.4			143.8
Earnings Per Share from continuing operations attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	8			**48.47**			40.93
Diluted Earnings Per Share (cent)	8			**48.30**			40.82
Earnings Per Share attributable to the equity holders of the Company							
Basic Earnings Per Share (cent)	8			**57.57**			48.72
Diluted Earnings Per Share (cent)	8			**57.37**			48.59

Group statement of comprehensive income
for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Profit for the year		**167.4**	143.8
Other comprehensive income			
Items that will not be reclassified subsequently to the Group income statement:			
Remeasurements on defined benefit plans, net of deferred tax		**(0.5)**	8.3
Share of other comprehensive income of joint ventures accounted for using the equity method, net of deferred tax	12	**1.7**	(0.7)
Revaluation of equity investments at FVOCI, net of deferred tax	11	**(0.2)**	–
Share of other comprehensive income of discontinued operations, net of deferred tax	12	**4.3**	7.7
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	11	**126.7**	(146.9)
Currency translation difference arising on net investment hedge	11	**(6.7)**	8.1
Gain/(loss) on cash flow hedges, net of deferred tax		**2.7**	(0.9)
Share of other comprehensive income of joint ventures accounted for using the equity method, net of deferred tax		**6.2**	(6.4)
Share of other comprehensive income of discontinued operations, net of deferred tax		**1.1**	(0.3)
Other comprehensive income for the year, net of tax		**135.3**	(131.1)
Total comprehensive income for the year		**302.7**	12.7
Attributable to:			
Equity holders of the Company		**302.3**	12.7
Non-controlling interests		**0.4**	–
Total comprehensive income for the year		**302.7**	12.7

Group balance sheet
as at 1 January 2022

	Notes	1 January 2022 €'m	2 January 2021 €'m
ASSETS			
Non-current assets			
Property, plant and equipment		**485.2**	433.3
Right-of-use assets		**99.9**	90.5
Intangible assets		**1,375.4**	1,243.3
Interests in joint ventures		**184.8**	395.9
Other financial assets		**1.9**	3.2
Loans to joint ventures		**42.5**	31.8
Deferred tax assets		**4.7**	2.4
Other receivables		**0.8**	–
Derivative financial instruments		**0.5**	–
Retirement benefit assets		**2.9**	2.6
		2,198.6	2,203.0
Current assets			
Inventories		**593.6**	377.6
Trade and other receivables		**359.4**	319.2
Current tax receivable		**8.8**	–
Derivative financial instruments		**2.2**	1.3
Cash and cash equivalents (excluding bank overdrafts)	10	**231.0**	164.3
		1,195.0	862.4
Joint venture held for sale	5	**234.0**	–
		1,429.0	862.4
Total assets		**3,627.6**	3,065.4
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium		**105.0**	105.3
Other reserves	11	**245.5**	126.0
Retained earnings	12	**1,381.7**	1,380.5
		1,732.2	1,611.8
Non-controlling interests		**8.1**	–
Total equity		**1,740.3**	1,611.8
LIABILITIES			
Non-current liabilities			
Borrowings	10	**697.2**	458.4
Lease liabilities		**105.0**	94.4
Other payables		**32.6**	–
Retirement benefit obligations		**17.1**	31.9
Deferred tax liabilities		**144.4**	146.5
Provisions		**3.6**	3.3
		999.9	734.5
Current liabilities			
Trade and other payables		**669.3**	441.6
Borrowings	10	**136.5**	199.8
Lease liabilities		**14.5**	15.8
Current tax liabilities		**53.0**	50.3
Derivative financial instruments		**1.2**	3.7
Provisions		**12.9**	7.9
		887.4	719.1
Total liabilities		**1,887.3**	1,453.6
Total equity and liabilities		**3,627.6**	3,065.4

Group statement of changes in equity
for the financial year ended 1 January 2022

	Attributable to equity holders of the Company					
	Share capital and share premium €'m	Other reserves €'m (note 11)	Retained earnings €'m (note 12)	Total €'m	Non-controlling interests €'m	Total €'m
Balance at 3 January 2021	**105.3**	**126.0**	**1,380.5**	**1,611.8**	**–**	**1,611.8**
Profit for the year	**–**	**–**	**167.0**	**167.0**	**0.4**	**167.4**
Other comprehensive income	**–**	**129.8**	**5.5**	**135.3**	**–**	**135.3**
Total comprehensive income for the year	**–**	**129.8**	**172.5**	**302.3**	**0.4**	**302.7**
Dividends	**–**	**–**	**(80.5)**	**(80.5)**	**–**	**(80.5)**
Purchase of own shares	**–**	**(94.0)**	**–**	**(94.0)**	**–**	**(94.0)**
Cancellation of own shares	**(0.5)**	**91.8**	**(91.3)**	**–**	**–**	**–**
Issuance of shares	**0.2**	**–**	**–**	**0.2**	**–**	**0.2**
Cost of share-based payments	**–**	**15.9**	**–**	**15.9**	**–**	**15.9**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**0.8**	**(0.8)**	**–**	**–**	**–**
Deferred tax on share-based payments	**–**	**–**	**1.3**	**1.3**	**–**	**1.3**
Non-controlling interests on acquisition of subsidiary (note 14)	**–**	**–**	**–**	**–**	**7.7**	**7.7**
Recognition and remeasurement of put option liability (note 14)	**–**	**(24.8)**	**–**	**(24.8)**	**–**	**(24.8)**
Balance at 1 January 2022	**105.0**	**245.5**	**1,381.7**	**1,732.2**	**8.1**	**1,740.3**
Balance at 5 January 2020	105.4	269.1	1,315.0	1,689.5	–	1,689.5
Profit for the year	–	–	143.8	143.8	–	143.8
Other comprehensive income	–	(146.4)	15.3	(131.1)	–	(131.1)
Total comprehensive income for the year	–	(146.4)	159.1	12.7	–	12.7
Dividends	–	–	(78.6)	(78.6)	–	(78.6)
Purchase of own shares	–	(17.6)	–	(17.6)	–	(17.6)
Cancellation of own shares	(0.1)	16.7	(16.6)	–	–	–
Cost of share-based payments	–	5.2	–	5.2	–	5.2
Transfer on exercise, vesting or expiry of share-based payments	–	(1.0)	1.0	–	–	–
Deferred tax on share-based payments	–	–	0.6	0.6	–	0.6
Balance at 2 January 2021	105.3	126.0	1,380.5	1,611.8	–	1,611.8

Group statement of cash flows
for the financial year ended 1 January 2022

	Notes	2021 €'m	2020 €'m
Cash flows from operating activities			
Cash generated from operating activities before exceptional items	13	**358.0**	349.4
Cash outflow related to exceptional items		**(55.9)**	(29.5)
Interest received		**2.1**	4.6
Interest paid (including interest expense on lease liabilities)		**(18.8)**	(25.0)
Tax paid		**(34.3)**	(22.1)
Net cash inflow from operating activities		**251.1**	277.4
Cash flows from investing activities			
Payment for acquisition of subsidiaries		**(95.0)**	(21.9)
Purchase of property, plant and equipment		**(49.0)**	(38.0)
Purchase of intangible assets		**(28.5)**	(26.2)
Interest paid in relation to property, plant and equipment	6	**(0.5)**	(0.5)
Proceeds from sale of property, plant and equipment		**1.5**	–
Dividends received from joint ventures*		**33.9**	36.6
Loans advanced to joint ventures		**(10.7)**	(3.0)
Investment in joint ventures		**–**	(6.6)
Proceeds from disposal/redemption of FVOCI financial assets		**1.1**	0.3
Payments for FVOCI financial assets		**(0.1)**	(0.1)
Net cash outflow from investing activities		**(147.3)**	(59.4)
Cash flows from financing activities			
Purchase of own shares	11	**(94.0)**	(17.6)
Drawdown of borrowings		**458.5**	1,057.2
Repayment of borrowings		**(383.4)**	(1,222.0)
Payment of lease liabilities		**(19.1)**	(19.2)
Dividends paid to Company shareholders	9	**(80.5)**	(78.6)
Proceeds from issue of shares		**0.2**	–
Net cash outflow from financing activities		**(118.3)**	(280.2)
Net decrease in cash and cash equivalents		**(14.5)**	(62.2)
Cash and cash equivalents at the beginning of the year		**91.6**	164.7
Cash and cash equivalents acquired on acquisition	14	**4.4**	–
Effects of exchange rate changes on cash and cash equivalents		**13.0**	(10.9)
Cash and cash equivalents at the end of the year	10	**94.5**	91.6

* €12.2 million relates to discontinued operations (2020: €12.6 million) and represents the net cash inflow from investing activities from discontinued operations.

Notes to the financial statements
for the financial year ended 1 January 2022

1. Accounting policies

The financial information set out in this document does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 1 January 2022 (referred to as the 2021 financial statements). The Group financial statements have been prepared in accordance with EU adopted International Financial Reporting Standards ("IFRS"), IFRIC interpretations and those parts of the Companies Act 2014, applicable to companies reporting under IFRS. The 2021 financial statements have been audited and have received an unqualified audit report. Amounts are stated in euro millions (€'m) unless otherwise stated. These financial statements are prepared for the 52-week period ended 1 January 2022. Comparatives are for the 52-week period ended 2 January 2021. The balance sheets for 2021 and 2020 have been drawn up as at 1 January 2022 and 2 January 2021 respectively.

The financial statements have been prepared under the historical cost convention as modified by use of fair values for certain other financial assets, contingent consideration, put option liability, and derivative financial instruments. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

The Group's accounting policies which will be included in the 2021 financial statements are consistent with those as set out in the 2020 financial statements. There are no new IFRS standards or amendments effective for the Group in 2021 which had a material impact on the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 2 March 2022 and signed on its behalf by D Gaynor, S Talbot, and M Garvey.

Re-presentation

Certain comparative amounts in the Group statement of cash flows and the 'cash generated from operating activities' note have been re-presented on a basis consistent with the current year. The re-presentation is to present the cash flows on exceptional items separately. There was no impact on previously reported profit or net assets. In addition, the comparative Group income statement and Group statement of comprehensive income were re-presented to reflect a discontinued operation (note 5).

Going concern

After making appropriate enquiries and given due regard to the Covid-19 considerations below, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. The Group therefore considers it appropriate to adopt the going concern basis in preparing its financial statements.

Covid-19 considerations

While the Group remains vigilant to the continued volatile and disruptive potential of the Covid-19 pandemic, the Group has been highly cash generative from its operating activities and profit making since the onset of the pandemic and is expected to remain in a strong financial position in the foreseeable future. The Group's strong financial position is evidenced by the strong trading performance and operating cash flow for 2021, not having to avail of any government support and assistance related to Covid-19, and events during the year such as the completion of the LevlUp and PacMoore acquisitions (note 14), the launch of a new share repurchase programme in December 2021, payment of an interim dividend, and a final dividend recommended by the Directors (note 9). Furthermore, the Group has no committed facilities due prior to January 2024.

Nevertheless, the Group considered the impact of Covid-19 in the preparation of the 2021 financial statements with the most relevant considerations described below.

Significant judgements and sources of estimation uncertainty

The key impact of Covid-19 is on the cash flow projections used in calculating value in use of cash generating units in the impairment testing of goodwill and indefinite life intangibles. Given the economic uncertainty resulting from Covid-19, it is difficult to ascertain the impact on the Group's prospective financial performance. As an additional analysis, the Group has increased the sensitivities over EBITDA growth in 2022 and 2023. If the Group experienced 20% decrease in EBITDA growth in those years, there would have been no change to the conclusion of the original sensitivity analysis.

Impairment of non-financial assets

The Group continues to actively manage its working capital including inventory. Appropriate inventory levels are held to minimise the likelihood of future potential stock obsolescence. Other non-financial assets (such as property, plant and equipment, right-of-use assets and definite life intangible assets) were reviewed for indicators of impairment at the end of the reporting period. Where indicators of impairment are present, they are tested for impairment.

Impairment of trade receivables and loans to joint ventures

The Group continues to actively manage its working capital including trade receivables. Outstanding customer balances are actively monitored and reviews for indicators of impairment are done on an ongoing basis. Regarding the loans to joint ventures, the Group continues to monitor the joint ventures' ability to repay them. The Group has adjusted the historical loss rates that are used in the calculation of expected credit losses ("ECL") on trade receivables and loans to joint ventures to reflect future economic conditions (including the effects of Covid-19) where appropriate.

Adoption of amended standards

The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's financial statements:

- Amendment to IFRS 16 'Covid-19-Related Rent Concessions'
- Amendment to IFRS 4 'Extension of the Temporary Exemption from Applying IFRS 9'
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform – Phase 2' (see following page for further details)

Interest rate benchmark reform - Phase 2

The Group continues to monitor developments relating to the interest rate benchmark reform (“IBOR Reform”) initiatives with particular attention to announcements by relevant regulatory authorities regarding LIBOR cessation. The Group Treasury function is charged with responsibility for managing all aspects of the transition process. During the year, Group Treasury reviewed all relevant external funding agreements and derivative transactions and determined that the potential impacts of IBOR reform will be with respect to replacement USD LIBOR benchmarks under the Group’s various Revolving Credit Facilities. In accordance with Financial Conduct Authority (“FCA”) announcements on USD LIBOR cessation, the Group currently does not expect to adopt replacement benchmarks until closer to 30 June 2023. Consequential loan amendments will be made in line with regulatory timeframes. Group Treasury also reviewed the impact of IBOR reform on the Group’s treasury system design and related processes and continues to liaise with system vendors to manage the transition. Overall, the Group does not anticipate that any changes required as part of the IBOR reform will have a material financial impact.

New and amended standards that are not yet effective

The Group has not applied certain new standards and amendments to existing standards that have been issued but are not yet effective. The most significant of which are as follows:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (EU effective date: on or after 1 January 2022)

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Disclosure of Accounting Policies – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (IASB effective date: on or after 1 January 2023)

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability.

The Group is currently evaluating the impact of the above amendments on future periods. Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material impact on the Group or they are not currently relevant for the Group.

2. Segment information

In accordance with IFRS 8 'Operating Segments', the Group, including its joint ventures, has identified three reportable segments as follows:

Glanbia Performance Nutrition

Glanbia Performance Nutrition manufactures and sells sports nutrition and lifestyle nutrition products through a variety of channels including specialty retail, online, Food, Drug, Mass, Club (FDMC), and gyms in a variety of formats, including powders, ready-to-eat (bars and snacking foods) and ready-to-drink beverages.

Glanbia Nutritionals

Glanbia Nutritionals manufactures and sells cheese, dairy and non-dairy nutritional and functional ingredients, and vitamin and mineral premixes targeting the increased market focus on health and nutrition.

Glanbia Ireland

Glanbia Ireland is the largest milk processor in Ireland producing a range of value added dairy ingredients and consumer products. Glanbia Ireland is also a large scale seller of animal nutrition and fertiliser as well as having a chain of agricultural retail outlets in Ireland. Glanbia Ireland is a joint venture that is classified as held for sale as at 1 January 2022 and the amounts stated represent the Group's share presented as discontinued operations (note 5). Glanbia Ireland is reported as a segment as the Chief Operating Decision Maker ("CODM") continues to review its results until the proposed disposal is concluded.

Other segments and unallocated

All other segments and unallocated include both the results of other joint ventures who manufacture and sell cheese and dairy ingredients and unallocated corporate costs. These investees did not meet the quantitative thresholds for reportable segments in 2021 or 2020.

These segments align with the Group's internal financial reporting system and the way in which the CODM assesses performance and allocates the Group's resources. Each segment is reviewed in its totality by the CODM. The CODM assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items. Given that net finance costs and income tax are managed on a centralised basis, these items are not allocated between operating segments for the purposes of the information presented to the CODM and are accordingly omitted from the detailed segmental analysis below.

Amounts stated for joint ventures represents the Group's share.

Pre-exceptional segment results are as follows:

2021	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Total gross segment revenue	**1,303.3**	**2,955.5**	–	**4,258.8**	–	**4,258.8**
Inter-segment revenue	**(0.2)**	**(61.7)**	–	**(61.9)**	–	**(61.9)**
Revenue	**1,303.1**	**2,893.8**	–	**4,196.9**	–	**4,196.9**
Operating profit before intangible asset amortisation (EBITA)	**145.1**	**125.5**	–	**270.6**	–	**270.6**
Share of results of joint ventures accounted for using the equity method	–	–	–	–	**19.2**	**19.2**
Profit after tax from discontinued operations	–	–	**25.7**	**25.7**	–	**25.7**
2020						
Total gross segment revenue	1,138.1	2,706.5	–	3,844.6	–	3,844.6
Inter-segment revenue	(0.1)	(21.4)	–	(21.5)	–	(21.5)
Revenue	1,138.0	2,685.1	–	3,823.1	–	3,823.1
Operating profit before intangible asset amortisation (EBITA)	91.2	118.4	–	209.6	–	209.6
Share of results of joint ventures accounted for using the equity method	–	–	–	–	37.7	37.7
Profit after tax from discontinued operations	–	–	23.9	23.9	–	23.9

Included in external revenue are related party sales between Glanbia Nutritionals and Glanbia Ireland of €0.7 million (2020: €0.6 million). Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Revenue of approximately €736.3 million (2020: €681.2 million) and €543.3 million (2020: €513.7 million) is derived from two external customers respectively within the Glanbia Nutritionals segment.

Pre-exceptional segment operating profit before intangible asset amortisation (EBITA) is reconciled to reported profit before tax and profit after tax in the Group income statement.

Other pre-exceptional segment information is as follows:

2021	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Depreciation and impairment of PP&E and ROU assets						
Amortisation and impairment of intangible assets	**45.7**	**18.2**	**–**	**63.9**	**–**	**63.9**
Capital expenditure – additions	**54.9**	**36.5**	**–**	**91.4**	**9.4**	**100.8**
Capital expenditure – business combinations	**49.7**	**44.3**	**–**	**94.0**	**–**	**94.0**
2020						
Depreciation and impairment of PP&E and ROU assets	25.4	38.5	–	63.9	–	63.9
Amortisation and impairment of intangible assets	44.2	16.7	–	60.9	–	60.9
Capital expenditure – additions	37.4	40.5	–	77.9	3.9	81.8
Capital expenditure – business combinations	–	52.6	–	52.6	–	52.6

The segment assets and liabilities are as follows:

2021	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Glanbia Ireland €'m	Total reportable segments €'m	All other segments and unallocated €'m	Total Group €'m
Segment assets	**1,741.3**	**1,138.9**	**262.8**	**3,143.0**	**484.6**	**3,627.6**
Segment liabilities	**441.4**	**446.7**	**–**	**888.1**	**999.2**	**1,887.3**
2020						
Segment assets	1,481.2	943.6	246.2	2,671.0	394.4	3,065.4
Segment liabilities	321.4	344.8	–	666.2	787.4	1,453.6

Geographical information

Revenue from external customers, and non-current assets, other than financial instruments, deferred tax assets, and retirement benefit assets attributable to the country of domicile and all foreign countries of operation for which revenue/non-current assets exceed 10% of total Group revenue/non-current assets are set out below.

Revenue from external customers in the table below and in the disaggregation of revenue by primary geographical markets table on the following page is allocated to geographical areas based on the place of delivery or collection of the products sold as agreed with customers as opposed to the end use market where the product may be consumed.

	Revenue		Non-current assets	
	2021 €'m	2020 €'m	2021 €'m	2020 €'m
Ireland (country of domicile)	**7.7**	4.7	**713.1**	880.4
US	**3,390.2**	3,177.5	**1,201.9**	1,101.3
Other				
– North America (excluding US)	**79.9**	68.1	**5.2**	5.0
– Europe (excluding Ireland)	**372.6**	307.6	**214.7**	166.6
– Asia Pacific	**265.6**	221.7	**11.2**	9.7
– LATAM	**43.9**	26.7	**–**	–
– Rest of World	**37.0**	16.8	**–**	–
	4,196.9	3,823.1	**2,146.1**	2,163.0

Disaggregation of revenue

Revenue is disaggregated based on the Group's internal reporting structures*, the primary geographical markets in which the Group operates**, the timing of revenue recognition, and channel mix as set out in the following tables.

	2021			2020		
	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m	Glanbia Performance Nutrition €'m	Glanbia Nutritionals €'m	Total €'m
Internal reporting structures						
Nutritional Solutions	–	**877.4**	**877.4**	–	746.8	746.8
US Cheese	–	**2,016.4**	**2,016.4**	–	1,938.3	1,938.3
GPN Americas	**872.3**	–	**872.3**	811.1	–	811.1
GPN International (including Direct-to-Consumer)	**430.8**	–	**430.8**	326.9	–	326.9
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Primary geographical markets						
North America	**881.7**	**2,588.4**	**3,470.1**	817.5	2,428.1	3,245.6
Europe	**265.4**	**114.9**	**380.3**	216.8	95.5	312.3
Asia Pacific	**119.5**	**146.1**	**265.6**	87.1	134.6	221.7
LATAM	**9.7**	**34.2**	**43.9**	6.6	20.1	26.7
Rest of World	**26.8**	**10.2**	**37.0**	10.0	6.8	16.8
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Timing of revenue recognition						
Products transferred at point in time	**1,303.1**	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1
Products transferred over time	–	–	–	–	–	–
	1,303.1	**2,893.8**	**4,196.9**	1,138.0	2,685.1	3,823.1

Channel mix for Glanbia Performance Nutrition	2021 €'m	2020 €'m
Distributor	**287.7**	180.3
Food, Drug, Mass, Club (FDMC)	**440.0**	428.0
Online	**398.6**	372.8
Specialty	**176.8**	156.9
	1,303.1	1,138.0

The disaggregation of revenue by channel mix is most relevant for Glanbia Performance Nutrition.

* The disaggregation of revenue relating to GPN reflects how it is managed as a result of the GPN transformation programme.

** The table relating to the allocation of revenue to geographical areas in note 4 of the 2020 Annual Report combined disclosures of information about geographical areas (IFRS 8) and disaggregation of revenue (IFRS 15). For 2021, these disclosures are presented separately to differentiate between them.

3. Operating profit

		2021			2020		
	Notes	Pre-exceptional €'m	Exceptional €'m	Total €'m	Pre-exceptional €'m	Exceptional €'m	Total €'m
Revenue		**4,196.9**	–	**4,196.9**	3,823.1	–	3,823.1
Cost of goods sold		**(3,359.9)**	**(6.4)**	**(3,366.3)**	(3,134.1)	(12.6)	(3,146.7)
Gross profit		**837.0**	**(6.4)**	**830.6**	689.0	(12.6)	676.4
Selling and distribution expenses		**(379.7)**	**(0.3)**	**(380.0)**	(310.8)	(3.1)	(313.9)
Administration expenses		**(185.9)**	**(41.7)**	**(227.6)**	(164.0)	(18.8)	(182.8)
Net impairment losses on financial assets		**(0.8)**	–	**(0.8)**	(4.6)	–	(4.6)
Operating profit before intangible asset amortisation (EBITA)		**270.6**	**(48.4)**	**222.2**	209.6	(34.5)	175.1
Intangible asset amortisation	13	**(63.9)**	–	**(63.9)**	(60.9)	–	(60.9)
Operating profit		**206.7**	**(48.4)**	**158.3**	148.7	(34.5)	114.2

4. Exceptional items

The nature of the total exceptional items is as follows:

	Notes	2021 €'m	2020 €'m
Organisation redesign costs	(a)	**18.1**	31.2
Pension related costs	(b)	**30.3**	–
Acquisition integration costs	(d)	**–**	3.4
Covid-19 costs	(e)	**–**	3.7
Legal settlement gain	(f)	**–**	(3.4)
Asset impairments	(g)	**–**	(0.4)
Total		**48.4**	34.5
Share of results of joint ventures accounted for using the equity method		**2.0**[(b)]	0.3[(e)]
Exceptional tax credit	7	**(7.6)**	(4.2)
Total exceptional charge from continuing operations		**42.8**	30.6
Exceptional (gain)/charge after tax from discontinued operations		**(0.7)**[(c)]	0.9[(e)]
Total exceptional charge after tax for the year	13	**42.1**	31.5

Details of the exceptional items are as follows:

(a) **Organisation redesign costs** primarily relates to a fundamental reorganisation of the GPN segment which commenced in 2019. This global transformation programme aims to realign operating and supply chain structures in support of individual businesses, sharpen focus on brands and optimise routes-to-market across non-US markets to drive greater efficiencies, improve margin and deliver top line growth. Costs incurred in both years includes people and property related costs, and professional consulting fees. The investment phase of this multi-year strategic programme is now complete and no further costs are anticipated.

(b) **Pension related costs** relate to the restructure of legacy defined benefit pension schemes associated with the Group and joint ventures, which included initiating a process for the ultimate buyout and wind up of these schemes and a further simplification of schemes that remain. Costs incurred relate to the estimated cost of the settlement loss as a result of acquiring a bulk purchase annuity policy to mirror and offset movements in known liabilities of the schemes ("buy-in" transaction), as well as related advisory and execution costs, net of gains from the completion of an Enhanced Transfer Value exercise that reduces risk in remaining schemes.

(c) The exceptional gain from **discontinued operations** relates to the Glanbia Ireland joint venture that was classified as a discontinued operation on 17 December 2021 (note 5). The net gain in 2021 includes once off gains on the settlement of forward contracts and pension reorganisation, net of charges relating to the costs of a company-wide reorganisation programme that includes redundancy cost, professional service costs and impairment charges.

(d) Prior year **acquisition integration costs** comprised material costs relating to the acquisition, integration and restructuring of acquired businesses.

(e) Prior year **Covid-19 costs** related to the initial costs of dealing with the Covid-19 pandemic for both the Group and its joint ventures, including the costs of implementing measures to protect people, incremental payments to front line workers during the height of the pandemic and other incidental labour related costs directly associated with the onset of this global pandemic.

(f) Prior year **legal settlement gain** related to net compensation received following the successful conclusion of a legacy case.

(g) Prior year **asset impairments** credit related to the release of a provision not required on the disposal of certain inventory following the completion of a rationalisation and simplification of certain product lines and related assets in the GPN business.

5. Joint venture held for sale and discontinued operations

The Company announced its intention to sell its 40% holding in Glanbia Ireland DAC ("Glanbia Ireland") to Glanbia Co-operative Society Ltd (the "Society") for €307 million in November 2021 (the "Proposed Transaction"). The sale is consistent with the Group's ambition to focus on its global nutrition strategy as a brand owner and provider of value added nutrition solutions, serving high growth markets.

On 8 December 2021 the Company and the Society signed binding legal agreements relating to the Proposed Transaction. Members of the Society approved the Proposed Transaction on 17 December 2021. The Proposed Transaction is expected to be completed in the first half of 2022 following the approval of the shareholders of the Company, other than the Society or persons connected with the Society at an extraordinary general meeting and receipt of any necessary regulatory approvals (note 15). Thus, the Group has treated the joint venture arrangement in Glanbia Ireland as an asset held for sale and ceased to apply the equity method of accounting to its interest in Glanbia Ireland from 17 December 2021.

As Glanbia Ireland represented a significant component and separately reported segment of the Group (note 2), the Group's share of Glanbia Ireland's results have been separately presented in the financial statements as discontinued operations. The Group income statement and Group statement of comprehensive income for the comparative year have been re-presented to show the discontinued operation separately from continuing operations.

The profit after tax from discontinued operations included in the Group income statement relate to the Group's share of profit after tax of Glanbia Ireland and are analysed as follows:

	2021 €'m	2020 €'m
Glanbia Ireland's results (100%)		
Revenue	**2,169.9**	1,906.2
Expenses	**(2,088.3)**	(1,837.3)
Profit before tax	**81.6**	68.9
Tax	**(10.3)**	(8.9)
Profit after tax	**71.3**	60.0
Profit after tax attributable to equity holders of the joint venture	**69.5**	59.1
Reconciliation to the Group's share of Glanbia Ireland's profit after tax		
Group's 40% share of profit after tax	**27.8**	23.6
Adjustments*	**(1.4)**	(0.6)
Share of profit after tax of joint venture (Glanbia Ireland) presented as discontinued operations	**26.4**	23.0

* Relates to adjustment in respect of unrealised profit on sales to the Group and amortisation of intangible assets recognised on fair value adjustments.

There was no impairment charge on the joint venture held for sale as the proposed sale price exceeded the carrying amount of the investment in Glanbia Ireland when it was classified as an asset held for sale.

The asset classified as held for sale in the Group balance sheet is:

	2021 €'m	2020 €'m
Interest in joint venture – Glanbia Ireland	**234.0**	–

Associated cumulative amounts recognised in other comprehensive income associated with Glanbia Ireland as at 1 January 2022 were remeasurements on defined benefit plan, net of deferred tax of €5.5 million and fair value movement on cash flow hedges, net of deferred tax of €1.4 million.

6. Finance income and costs

	Notes	2021 €'m	2020 €'m
Finance income			
Interest income on loans to related parties		**1.4**	1.3
Interest income on deposits		**0.1**	2.2
Interest income on swaps		**–**	0.6
Changes in fair value of call option		**0.5**	–
Total finance income	13	**2.0**	4.1
Finance costs			
Bank borrowing costs		**(3.8)**	(12.8)
Facility fees		**(2.0)**	(1.7)
Finance cost of private placement debt		**(10.8)**	(7.3)
Interest expense on swaps		**(0.2)**	–
Interest expense on lease liabilities		**(2.5)**	(2.8)
Changes in fair value of contingent consideration		**(0.2)**	–
Total finance costs	13	**(19.5)**	(24.6)
Net finance costs		**(17.5)**	(20.5)

Net finance costs do not include capitalised borrowing costs of €0.5 million (2020: €0.5 million) on qualifying assets. Interest is capitalised at the Group's average interest rate for the period of 3.0% (2020: 2.9%). Where relevant, tax deduction for capitalised interest was taken in accordance with Sec 81(3), TCA 1997. Tax relief in relation to capitalised interest is €0.1 million (2020: nil).

7. Income taxes

	2021 €'m	2020 €'m
Current tax		
Irish current tax charge	**9.4**	5.7
Adjustments in respect of prior years	**–**	0.1
Irish current tax for the year	**9.4**	5.8
Foreign current tax charge	**28.4**	14.8
Adjustments in respect of prior years	**(0.4)**	(1.4)
Foreign current tax for the year	**28.0**	13.4
Total current tax	**37.4**	19.2
Deferred tax		
Deferred tax – current year	**(20.2)**	(11.6)
Adjustments in respect of prior years	**(0.2)**	2.7
Total deferred tax	**(20.4)**	(8.9)
Tax charge	**17.0**	10.3

The tax credit on exceptional items included in the above amounts is as follows:

	Notes	2021 €'m	2020 €'m
Current tax credit on exceptional items		**(3.1)**	(4.2)
Deferred tax credit on exceptional items		**(4.5)**	–
Total tax credit on exceptional items for the year	4	**(7.6)**	(4.2)

The tax credit on exceptional items has been disclosed separately above as it relates to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2021 €'m	2020 €'m
Profit before tax	**158.0**	131.1
Income tax calculated at Irish rate of 12.5% (2020: 12.5%)	**19.8**	16.4
Earnings at higher Irish rates	**0.2**	2.0
Difference due to overseas tax rates (capital and trading)	**2.2**	8.1
Adjustment to tax charge in respect of previous periods	**(0.6)**	1.4
Tax on share of results of joint ventures accounted for using the equity method included in profit before tax	**(2.1)**	(4.7)
Other reconciling items	**(2.5)**	(12.9)
Total tax charge	**17.0**	10.3

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation. The total tax charge of the Group may also be influenced by the effects of corporate development activity and the resolution of uncertain tax positions where the final outcome of those matters is different than the amounts recorded.

8. Earnings Per Share

Basic

Basic Earnings Per Share is calculated by dividing profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 11). The weighted average number of ordinary shares in issue used in the calculation of Basic Earnings Per Share is 290,059,376 (2020: 295,173,279).

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Profit after tax attributable to equity holders of the Company (€'m)	**140.6**	**26.4**	**167.0**	120.8	23.0	143.8
Basic Earnings Per Share (cent)	**48.47**	**9.10**	**57.57**	40.93	7.79	48.72

Diluted

Diluted Earnings Per Share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Share awards and share options are the Company's only potential dilutive ordinary shares.

The share awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions, as well as the passage of time. Contingently issuable shares are included in the calculation of Diluted Earnings Per Share to the extent that conditions governing exercisability have been satisfied, as if the end of the reporting period were the end of the vesting period. The number of share options represents the number expected to be exercised.

	2021	2020
Weighted average number of ordinary shares in issue	**290,059,376**	295,173,279
Shares deemed to be issued for no consideration in respect of:		
– Share awards	**1,048,035**	762,861
– Share options	**–**	22,031
Weighted average number of shares used in the calculation of Diluted Earnings Per Share	**291,107,411**	295,958,171
Diluted Earnings Per Share (cent)	**57.37**	48.59

	2021			2020		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Diluted Earnings Per Share (cent)	**48.30**	**9.07**	**57.37**	40.82	7.77	48.59

9. Dividends

The dividends paid and recommended on ordinary share capital are as follows:

	Notes	2021 €'m	2020 €'m
Equity dividends to shareholders			
Final – paid 15.94c per ordinary share (2020: 15.94c)		**46.5**	47.2
Interim – paid 11.75c per ordinary share (2020: 10.68c)		**34.2**	31.6
Total		**80.7**	78.8
Reconciliation to Group statement of cash flows and Group statement of changes in equity			
Dividends to shareholders		**80.7**	78.8
Waived dividends in relation to own shares		**(0.2)**	(0.2)
Total dividends paid to equity holders of the Company	12	**80.5**	78.6
Equity dividends recommended			
Final 2021 – proposed 17.53c per ordinary share (2020: 15.94c)	15	**50.3**	46.9

The amount of dividends recommended is based on the number of issued shares at year end. The actual amount will be based on the number of issued shares on the record date (note 15).

10. Net debt

	2021 €'m	2020 €'m
Non-current		
Bank borrowings	**366.1**	315.8
Private placement debt	**331.1**	142.6
	697.2	458.4
Current		
Private placement debt	**–**	127.1
Bank overdrafts	**136.5**	72.7
	136.5	199.8
Total borrowings	**833.7**	658.2

Net debt is a non-IFRS measure which is provided to investors. It is also used to calculate leverage under the Group's financing arrangements, as defined within covenants. Refer to the Financing Key Performance Indicators section in the Glossary for more details. Net debt comprises the following:

	2021 €'m	2020 €'m
Private placement debt	**331.1**	269.7
Bank borrowings	**149.2**	137.7
Not subject to interest rate changes*	**480.3**	407.4
Bank borrowings	**216.9**	178.1
Cash and cash equivalents net of bank overdrafts	**(94.5)**	(91.6)
Subject to interest rate changes*	**122.4**	86.5
Net debt	**602.7**	493.9

* Taking into account of contractual repricing dates at the reporting date.

	2021 €'m	2020 €'m
Cash at bank and in hand	**224.2**	164.2
Short term bank deposits	**6.8**	0.1
Cash and cash equivalents in the Group balance sheet	**231.0**	164.3
Bank overdrafts used for cash management purposes	**(136.5)**	(72.7)
Cash and cash equivalents in the Group statement of cash flows	**94.5**	91.6

11. Other reserves

	Capital and merger reserve €'m	Currency reserve €'m	Hedging reserve €'m	Put option liability reserve €'m	Own shares €'m	Share-based payment reserve €'m	Other €'m	Total €'m
Balance at 3 January 2021	**116.0**	**31.9**	**(20.6)**	**–**	**(11.4)**	**10.3**	**(0.2)**	**126.0**
Currency translation differences	**–**	**126.7**	**–**	**–**	**–**	**–**	**–**	**126.7**
Net investment hedge	**–**	**(6.7)**	**–**	**–**	**–**	**–**	**–**	**(6.7)**
Revaluation – gross	**–**	**–**	**11.1**	**–**	**–**	**–**	**(0.3)**	**10.8**
Reclassification to profit or loss – gross	**–**	**–**	**1.6**	**–**	**–**	**–**	**–**	**1.6**
Deferred tax	**–**	**–**	**(2.7)**	**–**	**–**	**–**	**0.1**	**(2.6)**
Net change in OCI	**–**	**120.0**	**10.0**	**–**	**–**	**–**	**(0.2)**	**129.8**
Purchase of own shares	**–**	**–**	**–**	**–**	**(94.0)**	**–**	**–**	**(94.0)**
Cancellation of own shares	**0.5**	**–**	**–**	**–**	**91.3**	**–**	**–**	**91.8**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**15.9**	**–**	**15.9**
Transfer on exercise, vesting or expiry of share-based payments	**–**	**–**	**–**	**–**	**7.7**	**(6.9)**	**–**	**0.8**
Initial recognition of put option liability	**–**	**–**	**–**	**(23.2)**	**–**	**–**	**–**	**(23.2)**
Changes in fair value of put option liability	**–**	**–**	**–**	**(1.6)**	**–**	**–**	**–**	**(1.6)**
Balance at 1 January 2022	**116.5**	**151.9**	**(10.6)**	**(24.8)**	**(6.4)**	**19.3**	**(0.4)**	**245.5**
Balance at 5 January 2020	115.9	170.7	(13.0)	–	(14.0)	9.7	(0.2)	269.1
Currency translation differences	–	(146.9)	–	–	–	–	–	(146.9)
Net investment hedge	–	8.1	–	–	–	–	–	8.1
Revaluation – gross	–	–	(9.8)	–	–	–	0.5	(9.3)
Reclassification to profit or loss – gross	–	–	(0.2)	–	–	–	–	(0.2)
Reclassification to inventory – gross	–	–	–	–	–	–	(0.5)	(0.5)
Deferred tax	–	–	2.4	–	–	–	–	2.4
Net change in OCI	–	(138.8)	(7.6)	–	–	–	–	(146.4)
Purchase of own shares	–	–	–	–	(17.6)	–	–	(17.6)
Cancellation of own shares	0.1	–	–	–	16.6	–	–	16.7
Cost of share-based payments	–	–	–	–	–	5.2	–	5.2
Transfer on exercise, vesting or expiry of share-based payments	–	–	–	–	3.6	(4.6)	–	(1.0)
Balance at 2 January 2021	116.0	31.9	(20.6)	–	(11.4)	10.3	(0.2)	126.0

12. Retained earnings

	Notes	2021 €'m	2020 €'m
At the beginning of the year		**1,380.5**	1,315.0
Profit for the year attributable to equity holders of the Company		**167.0**	143.8
Other comprehensive income			
– Remeasurement on defined benefit plans		**–**	8.8
– Deferred tax on remeasurements on defined benefit plans		**(0.5)**	(0.5)
– Share of remeasurements on defined benefit plans from joint ventures, net of deferred tax		**1.7**	(0.7)
– Share of remeasurements on defined benefit plans from discontinued operations, net of deferred tax		**4.3**	7.7
		5.5	15.3
Dividends	9	**(80.5)**	(78.6)
Cancellation of own shares	11	**(91.3)**	(16.6)
Transfer on exercise, vesting or expiry of share-based payments		**(0.8)**	1.0
Deferred tax on share-based payments		**1.3**	0.6
At the end of the year		**1,381.7**	1,380.5

13. Cash generated from operating activities

	Notes	2021 €'m	2020 €'m
Profit for the year		**167.4**	143.8
Exceptional items	4	**42.1**	31.5
Profit after tax from discontinued operations		**(25.7)**	(23.9)
Income taxes		**24.6**	14.5
Profit before taxation		**208.4**	165.9
Share of results of joint ventures accounted for using the equity method		**(19.2)**	(37.7)
Finance costs	6	**19.5**	24.6
Finance income	6	**(2.0)**	(4.1)
Amortisation of intangible assets	3	**63.9**	60.9
Depreciation of property, plant and equipment		**44.9**	45.9
Depreciation of right-of-use assets		**18.1**	18.0
Cost of share-based payments		**15.9**	5.2
Difference between pension charge and cash contributions		**(6.4)**	(7.2)
Net write down of inventories		**6.1**	23.0
Non-cash movement in/on:			
– provisions		**8.7**	3.3
– allowance for impairment of receivables		**–**	5.2
– cross currency swaps		**(0.8)**	(0.7)
– disposal of leases		**(0.1)**	(0.7)
Reversal of impairment of property, plant and equipment		**(1.4)**	–
(Profit)/loss on disposal of property, plant and equipment		**(0.1)**	0.8
Operating cash flows before movement in working capital		**355.5**	302.4
(Increase)/decrease in inventories		**(186.1)**	18.7
(Increase)/decrease in short-term receivables		**(13.4)**	80.7
Increase/(decrease) in short-term liabilities		**207.1**	(54.4)
(Decrease)/increase in provisions		**(5.1)**	2.0
Cash generated from operating activities before exceptional items		**358.0**	349.4

14. Business combinations

In 2020, the Group acquired Foodarom Group Inc., Foodarom USA, Inc. and Foodarom Germany GmbH (collectively known as 'Foodarom'). Refer to 2020 Annual Report for details of the Foodarom acquisition. During the year, the Group paid the former owners of Foodarom an earnout of €19.3m, as the pre-defined earnings threshold was exceeded during the year.

On 31 May 2021, Glanbia acquired 60% of the voting shares of LevlUp GmbH ("LevlUp"), a direct-to-consumer (DTC) gaming nutrition company based in Germany. LevlUp's product portfolio offers a range of ready-to-mix powder (RTM) products to gamers and e-sports athletes through its DTC channel. The business is highly complementary to Glanbia Performance Nutrition's DTC platform and the investment provides Glanbia Performance Nutrition with a presence in the rapidly growing adjacent gaming nutrition category, expanding its reach to new consumers. The goodwill relates to the acquired workforce, the expectation that the business will give rise to synergies across the Glanbia Performance Nutrition segment, will generate future sales beyond the existing customer base, as well as the opportunity to expand the business into new markets, where there are few existing customers and products of the brand are not widely sold. Goodwill of €27.4 million is not deductible for tax purposes.

On 20 September 2021, Glanbia acquired 100% of the voting shares of PacMoore Process Technologies, LLC ("PacMoore"), a US based food ingredients solution business for $51.9 million. PacMoore has production and innovation facilities in the US states of Indiana and Illinois and will form part of the Glanbia Nutritionals segment. PacMoore provides a number of ingredient solutions, predominantly to the healthy snacking category. The goodwill relates to the expectation that the business will continue to generate new customers, the acquired workforce and further development of the recipes and know-how within the Glanbia Nutritionals segment. Goodwill of €10.7 million is not deductible for tax purposes.

Details of the net assets acquired and goodwill arising from the acquisitions are as follows:

	PacMoore €'m	LevlUp €'m	Total €'m
Cash paid	**44.3**	**31.4**	**75.7**
Payment due to sellers	**–**	**0.4**	**0.4**
Contingent consideration	**–**	**7.1**	**7.1**
Total consideration	**44.3**	**38.9**	**83.2**
Less: fair value of net assets acquired	**(33.6)**	**(19.2)**	**(52.8)**
Non-controlling interest arising on acquisition	**–**	**7.7**	**7.7**
Goodwill	**10.7**	**27.4**	**38.1**

The fair value of assets and liabilities arising from the acquisition are as follows:

	PacMoore €'m	LevlUp €'m	Total €'m
Property, plant and equipment	**18.9**	**0.2**	**19.1**
Right-of-use assets	**0.8**	**0.3**	**1.1**
Intangible assets – brands	**–**	**14.0**	**14.0**
Intangible assets – customer relationships	**3.7**	**7.8**	**11.5**
Intangible assets – recipes and know-how	**10.2**	**–**	**10.2**
Inventories	**0.9**	**2.0**	**2.9**
Trade and other receivables	**2.9**	**0.5**	**3.4**
Cash and cash equivalents	**–**	**4.4**	**4.4**
Trade and other payables	**(3.0)**	**(1.4)**	**(4.4)**
Current tax liabilities	**–**	**(1.4)**	**(1.4)**
Lease liabilities	**(0.8)**	**(0.3)**	**(1.1)**
Deferred tax liabilities	**–**	**(6.9)**	**(6.9)**
Fair value of net assets acquired	**33.6**	**19.2**	**52.8**

LevlUp

The contingent consideration arrangement requires the Group to pay the non-controlling interests shareholder of LevlUp earnouts based on a pre-defined earnings measure payable in 2022 and 2023. The undiscounted estimated amount of future payments for which the Group may be liable ranges from nil to €24.0 million. In addition to the earnouts, the non-controlling interests shareholder has a contractual put option in relation to the non-controlling interests shares in LevlUp where the non-controlling interests shareholder can require the Group to acquire those shares in 2025.

The fair values of the put option liability and contingent consideration at 1 January 2022 was €24.8 million and €7.3 million respectively and are estimated by calculating the present value of the future expected payments discounted using a risk-adjusted discount rate.

Along with the put option, there is a contractual call option in relation to the non-controlling interests shares in LevlUp where the Group can require the non-controlling interests shareholder to sell those shares to the Group in 2025. The fair value of the call option was €0.5 million at 1 January 2022 and is determined by discounting the excess of the estimated market value of the shareholding which is subject to call option over the actual call option exercise price.

The table below shows on an indicative basis the impact of possible changes in key assumptions on the carrying amounts of the put option liability, contingent consideration and call option.

	2021 €'m
Put option liability	
10% increase in forecast earnings	**2.3**
10% decrease in forecast earnings	**(2.3)**
Contingent consideration	
10% increase in forecast earnings	**3.5**
10% decrease in forecast earnings	**(3.2)**
Call option	
10% increase in forecast earnings	**–**
10% decrease in forecast earnings	**–**

The fair value of LevlUp's trade receivables at the acquisition date amounted to €0.5 million. The gross contractual amount for trade receivables due is €0.5 million which is expected to be received in full. Acquisition-related costs of €1.1 million incurred primarily on professional fees are included in administrative expenses.

PacMoore

Due to the proximity of the date of the acquisition to the reporting date, completion accounts have not been formally agreed between the purchaser and seller at the date of approving the financial statements. Accordingly, the initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis. In addition, management will need to finalise the valuation exercise undertaken by the Group's external valuation specialist relating to the acquisition. It is therefore possible the final amounts for the assets and liabilities may differ from the provisional values. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2022 interim financial statements.

The fair value of PacMoore's trade receivables at the acquisition date amounted to €2.8 million. The gross contractual amount for trade receivables due is €2.9 million, of which €0.1 million is expected to be uncollectible. Acquisition-related costs of €0.8 million incurred primarily on professional fees are included in administrative expenses.

Combined impact of acquisitions

The revenue and profit before taxation and exceptional items of the Group, including the post acquisition impact of acquisitions completed during the year ended 1 January 2022, were as follows:

	2021 acquisitions €'m	Group excluding acquisitions €'m	Group including acquisitions €'m
Revenue	**20.4**	**4,176.5**	**4,196.9**
Profit before taxation and exceptional items	**0.2**	**208.2**	**208.4**

The revenue and profit before taxation and exceptional items of the Group for the year ended 1 January 2022 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	Pro-forma 2021 acquisitions €'m	Group excluding acquisitions €'m	Pro-forma group including acquisitions €'m
Revenue	**51.2**	**4,176.5**	**4,227.7**
Profit before taxation and exceptional items	**5.3**	**208.2**	**213.5**

15. Events after the reporting period

See note 9 for the final dividend, recommended by the Directors. Subject to shareholder approval, this dividend will be paid on 6 May 2022 to shareholders on the register of members on 25 March 2022, the record date.

On 20 January 2022, Glanbia Co-operative Society completed the sale of approximately 5.75 million ordinary shares in the Company (the "Shares"), representing around 2 percent of the Company's issued share capital, for a total consideration of approximately €70 million (the "Placement"). The price per Share in the Placement was €12.25. Pursuant to the Company's existing authority to repurchase shares, the Company participated in the Placement via Glanbia's broker and purchased 2,527,152 Shares (representing around 0.9 percent of the Company's existing issued share capital), at a price of €12.25 per Share (the "Buyback") (an aggregate of €31 million). The Shares purchased in the Buyback were cancelled. The Company's participation in the Placement was incremental to the ongoing €50 million share repurchase programme announced on 8 December 2021. In addition, the Board announced on 2 March 2022 that it has launched a further €50 million share buyback programme.

On 25 February 2022 Glanbia's independent shareholders approved the disposal of the Group's 40% interest in Glanbia Ireland to Glanbia Co- operative Society for €307 million to be paid in cash on closing. All shareholder approvals have now been obtained with completion of the transaction anticipated in Q2 2022, subject to standard regulatory clearances. Glanbia will continue to provide certain corporate, business and IT services to Glanbia Ireland for a number of years following the close of the transaction. Glanbia will also continue to be a customer of Glanbia Ireland for certain ingredients. All contractual arrangements between Glanbia and Glanbia Ireland are arm's length and on market based commercial terms. Product supply agreements with Glanbia Ireland are not material to the Group's operating performance or financial results. Within 18 months of completion, Glanbia Ireland is required to change its name to a new name that does not include the name or word 'Glanbia'. Glanbia Ireland's results have been presented separately in the financial statements as discontinued operations with a corresponding restatement of comparative figures to show the discontinued operations separately from continuing operations.

16. Statutory financial statements

The financial information in this preliminary announcement does not constitute the full statutory financial statements of Glanbia plc (the 'Company'), a copy of which is required to be annexed to the Company's annual return filed with the Companies Registration Office and will be published on www.glanbia.com. A copy of the full statutory financial statements in respect of the financial year ended 1 January 2022 will be annexed to the Company's annual return for 2021. The auditors of the Company have made a report, without any qualification, on their audit of the financial statements of the Group and Company in respect of the financial year ended 1 January 2022, which were approved by the Directors on 2 March 2022. A copy of the financial statements of the Group in respect of the year ended 2 January 2021 has been annexed to the Company's annual return for 2020 and filed with the Companies Registration Office and is available on www.glanbia.com.

Glossary
Key Performance Indicators and non-IFRS performance measures

NOT COVERED BY INDEPENDENT AUDITOR'S REPORT
Non-IFRS performance measures
The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non-IFRS performance measures provides useful supplemental information which, when viewed in conjunction with the IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRS performance measures may not be uniformly defined by all companies and accordingly they may not be directly comparable with similarly titled measures and disclosures by other companies. None of these non-IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non-IFRS performance measures used by the Group are:

G 1. Constant currency
G 2. Revenue
G 3. EBITA (pre-exceptional)
G 4. EBITA margin % (pre-exceptional)
G 5. EBITDA
G 6. Constant Currency Basic and Adjusted Earnings Per Share ("EPS")
G 7. Net debt
G 8. Financing Key Performance Indicators
G 9. Volume and pricing increase/(decrease)
G 10. Like-for-like revenue increase/(decrease)
G 11. Effective tax rate
G 12. Average interest rate
G 13. Operating cash conversion
G 14. Operating cash flow and free cash flow
G 15. Return on capital employed ("ROCE")
G 16. Total shareholder return ("TSR")
G 17. Dividend payout ratio
G 18. Compound annual growth rate ("CAGR")
G 19. Exceptional items

These principal non-IFRS performance measures are defined below with a reconciliation of these measures to IFRS measures where applicable.

A number of the non-IFRS performance measures below have been re-presented to reflect continuing and discontinued operations in line with the presentation adopted in the Group income statement (see note 1).

G 1. Constant currency
While the Group reports its results in euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year-on-year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results for 2021 and 2020 are set out below:

1 euro =	**2021**	2020
US dollar	**1.1826**	1.1423
Pound sterling	**0.8596**	0.8898

G 2. Revenue

Revenue comprises sales of goods and services to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators and is an IFRS performance measure.

G 2.1 Revenue:

	Reference to the Financial Statements/ Glossary	**2021 Reported €'m**	2020 Reported €'m	2020 Retranslated €'m	Constant currency growth %	Like-for-like Growth (G 10) %
Nutritional Solutions	Note 2	**877.4**	746.8	726.4	20.8%	17.3%
US Cheese	Note 2	**2,016.4**	1,938.3	1,872.2	7.7%	7.7%
Glanbia Nutritionals	Note 2	**2,893.8**	2,685.1	2,598.6	11.4%	10.4%
Americas	Note 2	**872.3**	811.1	783.9	11.3%	11.3%
International (including Direct-to-Consumer)	Note 2	**430.8**	326.9	328.6	31.1%	27.1%
Glanbia Performance Nutrition	Note 2	**1,303.1**	1,138.0	1,112.5	17.1%	15.9%
Revenue	Note 3	**4,196.9**	3,823.1	3,711.1	13.1%	12.1%

G 3. EBITA (pre-exceptional)

EBITA (pre-exceptional) is defined as earnings before interest, tax and amortisation. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated. EBITA (pre-exceptional) is one of the Group's Key Performance Indicators. Business Segment EBITA (pre-exceptional) growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility. Refer to note 3 of the financial statements for the reconciliation of EBITA (pre-exceptional).

G 3.1 EBITA (pre-exceptional):

	Reference to the Financial Statements/Glossary	**2021 Reported €'m**	2020 Reported €'m	2020 Retranslated €'m	Constant currency growth %
Nutritional Solutions		**101.1**	90.5	87.4	15.7%
US Cheese		**24.4**	27.9	26.9	(9.3%)
Glanbia Nutritionals	Note 2	**125.5**	118.4	114.3	9.8%
Glanbia Performance Nutrition	Note 2	**145.1**	91.2	87.7	65.5%
EBITA (pre-exceptional)	Note 3	**270.6**	209.6	202.0	34.0%

G 4. EBITA margin % (pre-exceptional)

EBITA margin % (pre-exceptional) is defined as EBITA (pre-exceptional) as a percentage of revenue. Refer to G2.1 and G3.1 for reconciliations of revenue and EBITA (pre-exceptional) respectively. EBITA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

G 5. EBITDA

EBITDA is defined as earnings before interest, tax, depreciation (net of grant amortisation) and amortisation. EBITDA references throughout the annual report are on a pre-exceptional basis unless otherwise indicated.

	Reference to the Financial Statements/Glossary	**2021 €'m**	2020 €'m
Earnings before interest, tax and amortisation (pre-exceptional EBITA)	G 3.1	**270.6**	209.6
Depreciation*		**63.0**	63.9
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 8.1, G 14	**333.6**	273.5

* Depreciation – includes depreciation of tangible assets of €44.9 million (2020: €45.9 million) and depreciation of right-of-use assets of €18.1 million (2020: €18.0 million).

G 6. Constant Currency Basic and Adjusted Earnings Per Share ("EPS")

G 6.1 Constant Currency Basic Earnings Per Share ("EPS")

Basic Earnings Per Share is calculated by dividing profit after tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 11). Basic Earnings Per Share has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see Note 1).

	Reference to the Financial Statements/Glossary	2021 Reported €'m	2020 Reported €'m	2020 Retranslated €'m
Profit after tax attributable to equity holders of the Company	Group income statement	**167.0**	143.8	139.0
Less: Profit after tax attributable to equity holders of the Company - discontinued operations	Group income statement	**(26.4)**	(23.0)	(23.0)
Profit after tax attributable to equity holders of the Company - continuing operations		**140.6**	120.8	116.0
Weighted average number of ordinary shares in issue (thousands)	Note 8	**290,059**	295,173	295,173
Basic Earnings Per Share (cent) - continuing operations	Note 8	**48.47**	40.93	39.30
Basic Earnings Per Share (cent)	Note 8	**57.57**	48.72	47.09
Constant currency change - continuing operations		**23.3%**		
Constant currency change		**22.3%**		

G 6.2 Constant Currency Adjusted Earnings Per Share ("EPS")

Adjusted EPS is defined as the profit after tax attributable to the equity holders of the Company, before exceptional items and intangible asset amortisation and impairment (excluding software amortisation), net of related tax, divided by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 11). The Group concluded that adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items (net of related tax) that are not related to ongoing operational performance and intangible asset amortisation, which allows better comparability of companies that grow by acquisition to those that grow organically. Adjusted Earnings Per Share has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see Note 1).

Adjusted EPS is one of the Group's Key Performance Indicators. Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan and in Glanbia's Long-Term Incentive Plan.

	Reference to the Financial Statements/Glossary	2021 Reported €'m	2020 Reported €'m	2020 Retranslated €'m
Profit after tax from continuing operations	Group income statement	**141.0**	120.8	116.0
Less: Exceptional charge - continuing operations	Group income statement	**42.8**	30.6	29.8
Profit after tax from continuing operations (pre-exceptional)	Group income statement	**183.8**	151.4	145.8
Non-controlling interests	Group income statement	**(0.4)**	–	–
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €7.0 million (2020: €7.0 million, 2020 retranslated: €6.7 million) - continuing operations		**42.4**	41.1	39.7
Adjusted net income - continuing operations		**225.8**	192.5	185.5
Profit after tax from discontinued operations	Group income statement	**26.4**	23.0	23.0
Exceptional (credit)/charge - discontinued operations	Group income statement	**(0.7)**	0.9	0.9
Profit from discontinued operations (pre-exceptional)	Group income statement	**25.7**	23.9	23.9
Amortisation and impairment of intangible assets (excluding software amortisation) net of related tax of €0.2 million (2020: €0.2 million) - discontinued operations		**1.3**	1.4	1.4
Adjusted net income		**252.8**	217.8	210.8
Weighted average number of ordinary shares in issue (thousands)	Note 8	**290,059**	295,173	295,173
Adjusted Earnings Per Share (cent) - continuing operations		**77.84**	65.21	62.83
Adjusted Earnings Per Share (cent)	G 17	**87.15**	73.78	71.40
Constant currency growth - continuing operations		**23.9%**		
Constant currency growth		**22.1%**		

G 7. Net debt

Net debt is calculated as current and non-current borrowings less cash and cash equivalents.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Cash and cash equivalents	Group balance sheet	**(231.0)**	(164.3)
Current borrowings	Group balance sheet	**136.5**	199.8
Non-current borrowings	Group balance sheet	**697.2**	458.4
Net debt	Note 10, G 14	**602.7**	493.9

G 8. Financing Key Performance Indicators

G 8.1 Net debt: adjusted EBITDA

Net debt: adjusted EBITDA is calculated as net debt at the end of the period divided by adjusted EBITDA. Net debt is calculated as current and non-current borrowings less cash and cash equivalents. Adjusted EBITDA is calculated in accordance with lenders' facility agreements definitions which adjust EBITDA for items such as exceptional items, dividends received from joint ventures, acquisitions or disposals and to reverse the net impact on EBITDA as a result of adopting IFRS 16 'Leases'. Adjusted EBITDA is a rolling 12 month measure (a period of 12 consecutive months determined on a rolling basis with a new 12 month period beginning on the first day of each month).

	Reference to the Financial Statements/Glossary	**2021 €'m**	2020 €'m
Net debt	G 7	**602.7**	493.9
EBITDA	G 5	**333.6**	273.5
IFRS 16 adjustment		**(21.6)**	(22.0)
Adjustments in accordance with lenders' facility agreements		**40.8**	38.8
Adjusted EBITDA		**352.8**	290.3
Net debt: adjusted EBITDA		**1.71**	1.70

G 8.2 Adjusted EBIT: adjusted net finance cost

Adjusted EBIT: adjusted net finance cost is calculated as earnings before interest and tax adjusted for the IFRS 16 'Leases' impact on operating profit plus dividends received from joint ventures divided by adjusted net finance cost. Adjusted net finance cost comprises finance costs less finance income per the Group income statement plus borrowing costs capitalised into assets and excludes finance income/costs on changes in fair value of call options and contingent consideration and interest expense on lease liabilities. Adjusted EBIT and adjusted net finance cost are rolling 12 month measures (a period of 12 consecutive months determined on a rolling basis with a new 12 month period beginning on the first day of each month).

	Reference to the Financial Statements/Glossary	**2021 €'m**	2020 €'m
Operating profit	Group income statement	**158.3**	114.2
Exceptional charge	Group income statement	**48.4**	34.5
Operating profit (pre-exceptional)	Group income statement	**206.7**	148.7
Dividends received from joint ventures	Group statement of cash flows	**33.9**	36.6
IFRS 16 adjustment - interest	Note 6	**(2.5)**	(2.8)
Adjusted EBIT		**238.1**	182.5
Adjusted net finance costs	Note 6	**15.8**	18.2
Adjusted EBIT: adjusted net finance cost		**15.1**	10.0

G 9. Volume and pricing increase/(decrease)

Volume increase/(decrease) represents the impact of sales volumes within the revenue movement year-on-year, excluding volume from acquisitions, on a constant currency basis.

Pricing increase/(decrease) represents the impact of sales pricing (including trade spend) within revenue movement year-on-year, excluding acquisitions, on a constant currency basis.

G 9.1 Reconciliation of volume and pricing increase/(decrease) to constant currency revenue growth:

	Reference to the Financial Statements/Glossary	Volume increase/ (decrease)	Price increase/ (decrease)	Acquisitions/ (disposals)	Revenue increase/ (decrease)
Nutritional Solutions	G 2.1	13.6%	3.7%	3.5%	20.8%
US Cheese	G 2.1	19.8%	(12.1%)	–	7.7%
Glanbia Nutritionals	G 2.1	18.1%	(7.7%)	1.0%	11.4%
Glanbia Performance Nutrition	G 2.1	11.4%	4.5%	1.2%	17.1%
2021 increase/(decrease) % - continuing operations revenue	G 2.1	**16.1%**	**(4.0%)**	**1.0%**	**13.1%**

G 10. Like-for-like revenue increase/(decrease)

G 10.1 Glanbia Performance Nutrition ("GPN") like-for-like revenue

GPN like-for-like revenue represents the sales increase/(decrease) year-on-year, excluding the incremental revenue contributions from current and prior year acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis.

GPN like-for-like branded revenue represents the sales increase/(decrease) year-on-year on branded sales, excluding the incremental revenue contributions from current and prior year acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis. Like-for-like branded revenue increase/(decrease) is one of the GPN segment's Key Performance Indicators. Like-for-like branded revenue increase/(decrease) is one of the performance conditions in Glanbia's Annual Incentive Plan for GPN senior management.

G 10.2 Glanbia Nutritionals like-for-like revenue

This represents the sales increase/(decrease) year-on-year, excluding the incremental revenue contributions from current and prior year acquisitions and the impact of a 53rd week (when applicable), on a constant currency basis.

G 11. Effective tax rate

The effective tax rate is defined as the pre-exceptional income tax charge divided by the profit before tax less share of results of joint ventures.

	Reference to the Financial Statements/Glossary	**2021 €'m**	2020 €'m
Profit before tax - continuing operations	Group income statement	**158.0**	131.1
Exceptional charge	Group income statement	**50.4**	34.8
Profit before tax (pre-exceptional) - continuing operations	Group income statement	**208.4**	165.9
Less share of results of joint ventures (pre-exceptional)	Group income statement	**(19.2)**	(37.7)
		189.2	128.2
Income tax	Group income statement	**17.0**	10.3
Exceptional tax credit	Group income statement	**7.6**	4.2
Income tax (pre-exceptional)	Group income statement	**24.6**	14.5
Effective tax rate		**13.0%**	11.3%

G 12. Average interest rate

The average interest rate is defined as the annualised net finance costs (excluding capitalised borrowing costs, finance income/costs on changes in fair value of call option and contingent consideration and interest expense on lease liabilities) divided by the average net debt during the reporting period.

G 13. Operating cash conversion

Operating cash conversion is defined as Operating Cash Flow ("OCF") divided by pre-exceptional EBITDA. Cash conversion is a measure of the Group's ability to convert adjusted trading profits into cash and is an important metric in the Group's working capital management programme.

G 14. Operating cash flow and free cash flow

Operating cash flow is defined as pre-exceptional EBITDA net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows.

Operating cash flow is one of the Group's Key Performance Indicators. Operating cash flow is one of the performance conditions in Glanbia's Annual Incentive Plan.

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, dividends paid to Company shareholders, loans/investments in joint ventures, exceptional costs paid, payment for acquisition of subsidiaries, proceeds received on disposals, purchase of own shares under share buyback and currency translation movements.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Earnings before interest, tax, depreciation and amortisation (pre-exceptional EBITDA)	G 5	**333.6**	273.5
Movement in working capital	G 14.2	**16.5**	77.8
Business sustaining capital expenditure	G 14.4	**(15.9)**	(16.5)
Operating cash flow	G 14.1	**334.2**	334.8
Net interest and tax paid	G 14.3	**(51.5)**	(43.0)
Dividends received from joint ventures	Group statement of cash flows	**33.9**	36.6
Payments of lease liabilities	Group statement of cash flows	**(19.1)**	(19.2)
Other inflows/(outflows)	G 14.5	**6.4**	(2.7)
Free cash flow		**303.9**	306.5
Strategic capital expenditure	G 14.4	**(61.6)**	(47.7)
Dividends paid to Company shareholders	Group statement of cash flows	**(80.5)**	(78.6)
Purchase of own shares under share buyback		**(91.3)**	(16.6)
Loans/investment in joint ventures	Group statement of cash flows	**(10.7)**	(9.6)
Exceptional costs paid	Group statement of cash flows	**(55.9)**	(29.5)
Proceeds from sale of property, plant and equipment	Group statement of cash flows	**1.5**	–
Payment for acquisition of subsidiaries	Group statement of cash flows	**(95.0)**	(21.9)
Net cash flow		**(89.6)**	102.6
Exchange translation		**(23.6)**	30.0
Cash/(debt) acquired on acquisition		**4.4**	(12.2)
Net debt movement		**(108.8)**	120.4
Opening net debt		**(493.9)**	(614.3)
Closing net debt	Note 10, G 7	**(602.7)**	(493.9)

Certain comparative amounts below have been re-presented in line with note 13 to present the cash flows on exceptional items separately (note 1).

G 14.1 Reconciliation of operating cash flow to the Group statement of cash flows in the Financial Statements:

	Reference to the Financial Statements/ Glossary	2021 €'m	2020 €'m
Cash generated from operating activities before exceptional items	Note 13	**358.0**	349.4
Less business sustaining capital expenditure	G 14.4	**(15.9)**	(16.5)
Non-cash items not adjusted in computing operating cash flow:			
Cost of share-based payments	Note 13	**(15.9)**	(5.2)
Difference between pension charge and cash contributions	Note 13	**6.4**	7.2
Reversal of impairment of property, plant and equipment	Note 13	**1.4**	–
Other items		**0.2**	(0.1)
Operating cash flow	G 14	**334.2**	334.8

G 14.2 Movement in working capital:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Movement in working capital	G 14	**16.5**	77.8
Net write down of inventories	Note 13	**(6.1)**	(23.0)
Non-cash movement in allowance for impairment of receivables	Note 13	**–**	(5.2)
Non-cash movement in provisions	Note 13	**(8.7)**	(3.3)
Non-cash movement on cross currency swaps	Note 13	**0.8**	0.7
Movement in working capital		**2.5**	47.0

G 14.3 Net interest and tax paid:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Interest received	Group statement of cash flows	**2.1**	4.6
Interest paid (including interest expense of lease liabilities)	Group statement of cash flows	**(18.8)**	(25.0)
Tax paid	Group statement of cash flows	**(34.3)**	(22.1)
Interest paid in relation to property, plant and equipment	Group statement of cash flows	**(0.5)**	(0.5)
Net interest and tax paid	G 14	**(51.5)**	(43.0)

G 14.4 Capital expenditure:

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Business sustaining capital expenditure	G 14	**15.9**	16.5
Strategic capital expenditure	G 14	**61.6**	47.7
Total capital expenditure		**77.5**	64.2
Purchase of property, plant and equipment	Group statement of cash flows	**49.0**	38.0
Purchase of intangible assets	Group statement of cash flows	**28.5**	26.2
Total capital expenditure per the Group statement of cash flows		**77.5**	64.2

Business sustaining capital expenditure
The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep operating at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure
The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

G 14.5 Other inflows/(outflows):

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Cost of share-based payments	Note 13	**15.9**	5.2
Difference between pension charge and cash contributions	Note 13	**(6.4)**	(7.2)
(Profit)/loss on disposal of property, plant and equipment	Note 13	**(0.1)**	0.8
Proceeds from disposals/redemption of FVOCI financial assets	Group statement of cash flows	**1.1**	0.3
Payments for FVOCI financial assets	Group statement of cash flows	**(0.1)**	(0.1)
Proceeds from issue of shares	Group statement of cash flows	**0.2**	–
Purchase of own shares by Employee Share (Scheme) Trust		**(2.7)**	(1.0)
Non cash movement on disposal of leases	Note 13	**(0.1)**	(0.7)
Reversal of impairment of property, plant and equipment	Note 13	**(1.4)**	–
Total other inflows/(outflows)	G 14	**6.4**	(2.7)

G 15. Return on capital employed ("ROCE")

ROCE is defined as the Group's earnings before interest, and amortisation (net of related tax) plus the Group's share of the results of joint ventures after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation and impairment less current liabilities and deferred tax liabilities excluding all borrowings and lease liabilities, retirement benefit assets, cash and acquisition related contingent consideration and contract options. It is calculated by taking the average of the relevant opening and closing balance sheet amounts. ROCE has also been calculated on a continuing basis (excluding Glanbia Ireland) in line with the presentation of continuing and discontinued operations in the Group income statement (see Note 1).

In years where the Group makes significant acquisitions or disposals, the ROCE calculation is adjusted appropriately, to ensure the acquisition or disposal are equally time apportioned in the numerator and the denominator.

ROCE is one of the Group's Key Performance Indicators. ROCE is one of the performance conditions in Glanbia's Long-Term Incentive Plan.

	Reference to the Financial Statements/Glossary	2021 €'m	2020 €'m
Operating profit	Group income statement	**158.3**	114.2
Exceptional charge	Group income statement	**48.4**	34.5
Operating profit (pre-exceptional)	Group income statement	**206.7**	148.7
Tax on operating profit		**(26.9)**	(16.8)
Amortisation and impairment of intangible assets net of related tax of €10.0m (2020: €9.5m)		**53.9**	51.4
Share of results of joint ventures accounted for using the equity method	Group income statement	**19.2**	37.7
Return - continuing operations		**252.9**	221.0
Profit after tax from discontinued operations	Group income statement	**26.4**	23.0
Exceptional (credit)/charge - discontinued operations	Group income statement	**(0.7)**	0.9
Profit after tax from discontinued operations – pre-exceptional	Group income statement	**25.7**	23.9
Return		**278.6**	244.9
Total assets	Group balance sheet	**3,627.6**	3,065.4
Current liabilities	Group balance sheet	**(887.4)**	(719.1)
Deferred tax liabilities	Group balance sheet	**(144.4)**	(146.5)
Less: cash and cash equivalents	Group balance sheet	**(231.0)**	(164.3)
Less: current financial liabilities (borrowings)	Group balance sheet	**136.5**	199.8
Less: call option over non-controlling interests	Note 14	**(0.5)**	–
Less: acquisition related liabilities		**–**	17.4
Less: short term lease liabilities	Group balance sheet	**14.5**	15.8
Less: retirement benefit assets	Group balance sheet	**(2.9)**	(2.6)
Plus: accumulated amortisation		**392.5**	363.2
Capital employed before adjustments		**2,904.9**	2,629.1
Adjustment for effect of adopting IFRS 16		**–**	106.4
Adjustment for acquisitions	G 15.1	**(12.0)**	(12.0)
Adjustment for joint venture held for sale	G 15.2	**(18.5)**	–
Capital employed after adjustments		**2,874.4**	2,723.5
Average capital employed		**2,751.7**	2,729.3
Adjustment for discontinued operations	G 15.2	**(215.0)**	(206.3)
Average capital employed - continuing operations		**2,536.7**	2,523.0
Return on capital employed – continuing operations		**10.0%**	8.8%
Return on capital employed		**10.1%**	9.0%

G 15.1. Adjustment for acquisitions

This adjustment is required to ensure the capital employed of the acquisitions LevlUp and PacMoore (2021) and Foodarom (2020) are appropriately time apportioned in the denominator.

G 15.2. Adjustment for discontinued operations

This adjustment is required to ensure the capital employed of the joint venture held for sale (Glanbia Ireland) is appropriately time apportioned in the denominator.

The adjustment for discontinued operations removes the average capital employed of Glanbia Ireland to calculate the return on capital employed for continuing operations.

G 16. Total shareholder return ("TSR")

TSR represents the change in the capital value of a listed quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

TSR is one of the Group's Key Performance Indicators. TSR is one of the performance conditions in Glanbia's Long-Term Incentive Plan.

G 17. Dividend payout ratio

Dividend payout ratio is defined as the annual dividend per ordinary share divided by the adjusted Earnings Per Share. The dividend payout ratio provides an indication of the value returned to shareholders relative to the Group's total earnings.

	Reference to the Financial Statements/Glossary	**2021 € cent**	2020 € cent
Adjusted Earnings Per Share	G 6.2	**87.15**	73.78
Dividend recommended/paid per ordinary share	Note 9	**29.28**	26.62
Dividend payout %		**33.6%**	36.1%

G 18. Compound annual growth rate ("CAGR")

The compound annual growth rate is the annual growth rate over a period of years. It is calculated on the basis that each year's growth is compounded.

G 19. Exceptional items

The Group considers that items of income or expense which are material by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items. Exceptional items are included on the income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group income statement. Refer to note 4 for an analysis of exceptional items recognised in 2021.