

The following tables set out a reconciliation between IFRS and adjusted results for the year ended 31 December 2022:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets <sup>1</sup>	Restructuring costs <sup>2</sup>	Transaction- related costs <sup>3</sup>	Separation and admission costs <sup>4</sup>	Disposals and others <sup>5</sup>	Adjusted results
Revenue	10,858	—	—	—	—	—	10,858
Gross profit	6,577	172	19	—	4	—	6,772
Gross profit margin %	60.6%						62.4%
Operating profit	1,825	172	41	8	411	15	2,472
Operating profit margin %	16.8%						22.8%
Net finance costs	(207)	—	—	—	—	—	(207)
Profit before tax	1,618	172	41	8	411	15	2,265
Income tax	(499)	(37)	(7)	(2)	(55)	94	(506)
Effective tax rate %	30.8%						22.3%
<b>Profit after tax for the year</b>	<b>1,119</b>	<b>135</b>	<b>34</b>	<b>6</b>	<b>356</b>	<b>109</b>	<b>1,759</b>

The following table shows the adjusting items to reconcile cost of sales to adjusted cost of sales:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets <sup>1</sup>	Restructuring costs <sup>2</sup>	Transaction- related costs <sup>3</sup>	Separation and admission costs <sup>4</sup>	Disposals and others <sup>5</sup>	Adjusted results
Cost of sales	(4,281)	172	19	—	4	—	(4,086)
<b>Cost of sales</b>	<b>(4,281)</b>	<b>172</b>	<b>19</b>	<b>—</b>	<b>4</b>	<b>—</b>	<b>(4,086)</b>

The following table shows the adjusting items to reconcile operating expenses to adjusted operating expenses among the relevant components thereof:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets <sup>1</sup>	Restructuring costs <sup>2</sup>	Transaction- related costs <sup>3</sup>	Separation and admission costs <sup>4</sup>	Disposals and others <sup>5</sup>	Adjusted results
Selling, general and administration	(4,483)	—	25	8	407	44	(3,999)
Research and development	(300)	—	(3)	—	—	—	(303)
Other operating income/(expense)	31	—	—	—	—	(29)	2
<b>Operating expenses</b>	<b>(4,752)</b>	<b>—</b>	<b>22</b>	<b>8</b>	<b>407</b>	<b>15</b>	<b>(4,300)</b>

The following table shows the adjusting items used to reconcile diluted earnings per share to adjusted diluted earnings per share:

2022 £m	IFRS results	Net amortisation and impairment of intangible assets <sup>1</sup>	Restructuring costs <sup>2</sup>	Transaction- related costs <sup>3</sup>	Separation and admission costs <sup>4</sup>	Disposals and others <sup>5</sup>	Adjusted results
Profit attributable to shareholders (£m)	1,060	135	34	6	356	109	1,700
Weighted average number of shares (millions)	9,239						9,239
<b>Diluted earnings per share (pence)</b>	<b>11.5</b>	<b>1.4</b>	<b>0.4</b>	<b>0.1</b>	<b>3.8</b>	<b>1.2</b>	<b>18.4</b>

<sup>1</sup> **Net amortisation and impairment of intangible assets:** includes impairment of intangible assets of £129m and amortisation of intangible assets excluding computer software of £43m.

<sup>2</sup> **Restructuring costs:** includes amounts related to business transformation activities.

<sup>3</sup> **Transaction-related costs:** includes amounts related to acquisition of a manufacturing site.

<sup>4</sup> **Separation and admission costs:** includes amounts incurred in relation to and in connection with the separation and listing of the Group as a standalone business.

<sup>5</sup> **Disposals and others:** includes net gains on disposals of assets and business changes totalling £20m, offset by other items including a provision with respect to PPI litigation. The tax effect includes a £102m deferred tax charge related to the revaluation of US deferred tax liabilities due to the increase in the blended rate of US state taxes expected to apply as a result of the merger.