

Use of non-IFRS measures continued

Separation and admission costs

Costs incurred in relation to and in connection with separation, UK admission and registration of the Company's ordinary shares represented by the Company's American Depositary Shares (ADSs) under the US Exchange Act of 1934 and listing of ADSs on the NYSE (the US Listing). These costs are not directly attributable to the sale of the Group's products and specifically relate to the foregoing activities, affecting comparability of the Group's financial results in historical and future reporting periods.

Disposals and others

Includes gains and losses on disposals of assets, businesses and tax indemnities related to business combinations, legal settlement and judgements, impact of changes in tax rates and tax laws on deferred tax assets and liabilities, retained or uninsured losses related to acts of terrorism, significant product recalls, natural disasters and other items.

These gains and losses are not directly attributable to the sale of the Group's products and vary from period to period, which affects comparability of the Group's financial results. From period to period, the Group will also need to apply judgement if items of unique nature arise that are not specifically listed above.

The following tables set out a reconciliation between IFRS and adjusted results for the year ended 31 December 2023:

2023 £m	IFRS results	Net amortisation and impairment of intangible assets ¹	Restructuring costs ²	Transaction- related costs ³	Separation and admission costs ⁴	Disposals and others ⁵	Adjusted results
Revenue	11,302	—	—	—	—	—	11,302
Gross profit	6,747	224	26	—	4	—	7,001
Gross profit margin %	59.7%						61.9%
Operating profit	1,996	224	169	2	120	38	2,549
Operating profit margin %	17.7%						22.6%
Net finance costs	(368)	—	—	—	—	—	(368)
Profit before tax	1,628	224	169	2	120	38	2,181
Income tax	(517)	(53)	(35)	—	(29)	122	(512)
Effective tax rate %	31.8%						23.5%
Profit after tax for the year	1,111	171	134	2	91	160	1,669

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

2023 £m	IFRS results	Net amortisation and impairment of intangible assets ¹	Restructuring costs ²	Transaction- related costs ³	Separation and admission costs ⁴	Disposals and others ⁵	Adjusted results
Cost of sales	(4,555)	224	26	—	4	—	(4,301)
Cost of sales	(4,555)	224	26	—	4	—	(4,301)

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

2023 £m	IFRS results	Net amortisation and impairment of intangible assets ¹	Restructuring costs ²	Transaction- related costs ³	Separation and admission costs ⁴	Disposals and others ⁵	Adjusted results
Selling, general and administration	(4,413)	—	129	2	116	6	(4,160)
Research and development	(311)	—	14	—	—	—	(297)
Other operating income/(expense)	(27)	—	—	—	—	32	5
Operating expenses	(4,751)	—	143	2	116	38	(4,452)

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

2023 £m	IFRS results	Net amortisation and impairment of intangible assets ¹	Restructuring costs ²	Transaction- related costs ³	Separation and admission costs ⁴	Disposals and others ⁵	Adjusted results
Profit attributable to shareholders (£m)	1,049	171	134	2	91	160	1,607
Weighted average number of shares (millions)	9,263						9,263
Diluted earnings per share (pence)	11.3	1.8	1.4	—	1.1	1.7	17.3

¹ Net amortisation and impairment of intangible assets: includes impairment of intangible assets of £185m and amortisation of intangible assets excluding computer software of £39m.

² Restructuring costs: includes amounts related to business transformation activities.

³ Transaction-related costs: includes amounts related to acquisition of a manufacturing site.

⁴ 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.

⁵ Disposals and others: includes net losses on disposals of assets and businesses totalling £38m. The tax effect includes a £155m deferred tax charge related to intragroup transfers.