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Bakkavor Group PLC
05 September 2024

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Bakkavor Group plc
A strong first half performance driving upgraded 2024 outlook

Bakkavor Group plc ("Bakkavor" or "the Group"), the leading international provider of fresh prepared food ("FPF"), today announces its unaudited half year results for the 26-week period ended 29 June 2024 ("H1 24"). Bakkavor has also published a separate announcement this morning regarding a change in Executive Directors.

FINANCIAL HIGHLIGHTS

£ million (unless otherwise stated)	**H1 24**	**H1 23**	***Change***
Reported revenue	1,121.2	1,090.4	2.8%
Like-for-like ("LFL") revenue[1]	1,124.2	1,082.9	3.8%
Adjusted operating profit[1]	55.0	43.4	26.7%
Adjusted operating profit margin[1]	4.9%	4.0%	90bps
Operating profit	58.8	46.3	27.0%
Adjusted earnings per share[1]	5.5p	3.9p	41.0%
Basic earnings per share	6.1p	4.4p	38.6%
Free cash flow[1]	53.2	45.2	8.0
Operational net debt[1]	(201.8)	(268.7)	66.9
Leverage[1]	1.2x	1.8x	(0.6)x
ROIC[1]	8.7%	7.1%	160bps
Interim dividend per share	3.20p	2.91p	10.0%

Strong H1 24 performance and improved outlook supports 10% dividend increase

- LFL revenue up 3.8% driven by the UK, with volume improving and ongoing inflation largely mitigated
- Reported revenue up 2.8% which includes the impact of currency and the China Bakery up to disposal
- Adjusted operating profit of £55.0m up 26.7%, with margin at 4.9%
- Operational net debt reduced by £27.8m and leverage of 1.2x down 0.3x from December 2023
- Refinanced debt facilities with 25bps margin improvement and liquidity headroom of c.£180m
- Interim dividend up 10% reflecting strong performance and upgraded outlook

Clear strategic progress has driven margin improvement

- Good momentum in all regions as we continue to successfully deliver against our strategic priorities:
  - **UK**: Volume growth and operational efficiency supported margin improvement
  - **International**:
    - US revenue lower, as expected, whilst profitability continued to strengthen
    - China business simplified and losses reduced
  - **Excellence**: Strong operational performance underpinned by the Bakkavor Operating System fuelling further factory efficiencies
  - **Trust**: Sustainability KPIs are all progressive in the UK, although net carbon emissions increased internationally
- Combined, this delivered a 90bps improvement to adjusted operating profit margin in H1 24

Confident in delivering upgraded FY24 outlook

- H2 trading has started well with strengthening volumes increasing FY24 revenue expectations
- We expect a strong FY24 delivery in all regions:
  - UK: Continued volume growth and efficiency will support profit improvement
  - US: Further margin progression expected, with revenue growth to return in H2
  - China: Remain cash generative with lean initiative further reducing losses
- Upgrading guidance for full year adjusted operating profit to a new range of £108m to £112m, ahead of market expectations[2]
- We now have a medium-term target to rebuild adjusted operating profit margin back to 6% with a continued focus on driving efficiency

Mike Edwards, CEO, commented:

"This has been a strong first half for the Group, with momentum from our 2023 restructuring activity continuing to support our performance in 2024. I would like to take this opportunity to thank all of our colleagues for their continued hard work, commitment and loyalty to the business through this period of significant change.

We are firmly focused on continuing to rebuild margins and we are pleased to upgrade guidance for 2024 as we look to drive efficiency in every part of our business.

We are excited about building a stronger Bakkavor as the trading environment improves and we continue to leverage the benefit of the actions we have taken over the last couple of years. As such we have good line of sight to deliver further margin improvement as we move into 2025 and beyond."

1. Alternative performance measures are referred to as 'like-for-like', 'adjusted' and 'underlying', and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 23.
2. Based on company compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for

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Presentation
A copy of these results is available on our website: Bakkavor Group plc - EN - Investors - Results & presentations. We will be presenting to analysts in-person and via a webcast at 09.00am on 5 September 2024 through the Investor section of the Group's website at: https://brrmedia.news/BAKK_HY_24. A recording of the webcast can also be accessed via the link above shortly after the presentation has concluded.

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About Bakkavor
We are the leading provider of fresh prepared food in the UK, and our presence in the US and China positions the Group well in these, high-growth markets. We leverage our consumer insight and scale to provide innovative food that offers quality, choice, convenience, and freshness. Around 18,000 colleagues operate from 43 sites across our three markets supplying a portfolio of over 3,000 products across meals, pizza & bread, salads and desserts to leading grocery retailers in the UK and US, and international food brands in China. Find out more at www.bakkavor.com

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Disclaimer - forward-looking statements

This statement prepared by Bakkavor Group plc (the "Company"), may contain forward-looking statements about the Group. Forward-looking statements involve uncertainties because they relate to events, and depend on circumstances, that will, or may, occur in the future. If the assumptions on which the Company bases its forward-looking statements change, actual results may differ from those expressed in such statements. Forward-looking statements speak only as of the date of they are made and the Company undertakes no obligation to update these forward-looking statements other than as required by law. Nothing in this statement should be construed as a profit forecast. Where relevant, some numbers and period-on-period percentages have been rounded or adjusted in order to ensure consistency with the financial information for the latest financial reporting period unless otherwise stated.

CHIEF EXECUTIVE'S OVERVIEW

The Group performed strongly in the first half, as we deliver on our strategy and continued to focus on the priorities we set out last year. Reported revenue was up 2.8% to £1,121.2m and adjusted operating profit was up 26.7% to £55.0m, with a 90 basis point improvement in margin to 4.9%. Debt has also reduced further, leverage is at the lower end of our target range, and we successfully completed the refinancing of our debt facilities.

From a macro perspective, positively, the wider trading environment is gradually improving following two incredibly tough years. Whilst remaining significant, inflationary pressures have eased, and consumer confidence in the UK is improving resulting in a return to volume growth. Global supply chains remain fragile, but by leveraging our scale and agility we have maintained excellent service and availability for our customers.

Progress on our strategy
Our clear strategy to deliver profitable and sustainable growth is underpinned by four strategic pillars:

- **UK:** Drive returns by leveraging our number one market position
- **INTERNATIONAL:** Accelerate profitable growth in the US and China
- **EXCELLENCE:** Deliver improved performance through operational excellence
- **TRUST:** Be a Trusted Partner for our people, customers and other stakeholders

This strategy is supported by new tactics launched at the end of 2022, but now embedded as our ongoing way of working. Our focus remains on ensuring we are challenging ourselves on having:

- Lean and efficient organisational structures;
- Clear and focused regional priorities; and a
- Well-defined capital allocation policy.

We have made excellent progress as we execute our strategic plans and are in a strong position in all three of our markets. All of our financial KPIs are progressive and this has been replicated across our non-financial KPIs as we continue to make good progress towards our sustainability targets. As ever, it is the hard work of our people that has been fundamental to our success, and I would like to thank them for their ongoing commitment.

UK: Leveraging our number one position in an improving market
The market in the UK is gradually improving, with increasing consumer confidence translating into better-than-expected growth, albeit remains moderate. We consolidated our share gains from the prior year and delivered top-line growth ahead of the broader market, underpinned by excellent customer service, a strong focus on innovation and net business gains.

Inflationary pressures have eased but still remain significant, with increased labour costs the primary driver, and, whilst customers have been largely supportive of price increases, we continue to be under-recovered. Our efficiency activities, however, have closed this gap in inflation recovery and are now fuelling our profit and margin improvement.

INTERNATIONAL: US profitability restored and simplified China business
We have seen positive momentum in our US business continue, with operational control and profitability restored. This has been underpinned by strong factory performance and tight cost control. The continued reshape of the business has led to an anticipated reduction in revenue, but with performance stabilised we are now starting to rebuild our revenue growth. This has been supported by the launch of a new range of ready meals under our 'Fresh & Simple' brand in H1 24 and we have a strong pipeline of launches in the second half.

We further simplified our China operations with the disposal of our Bakery business in April, which brings our total proceeds from disposals in the region to c.£13m over the last 18 months. Our remaining business is now wholly focused on the supply of fresh prepared food to our foodservice and retail customers, and we continue to review our strategic options in the region.

EXCELLENCE: Bakkavor Operating System delivers enhanced performance
We delivered another period of strong operational performance, with improvement activities contributing £11m in H1 24. This was driven by the continued benefit of synergies from our 2023 restructuring plan and our ongoing focus on excellence that has fuelled further factory efficiencies across all three regions. Our approach to excellence is underpinned by the Bakkavor Operating System, with the primary focus on standardising ways of working and instilling operational discipline at all UK sites. This is supported by our smart manufacturing system and a continuing pipeline of return-enhancing investments.

We are more advanced in the UK but are starting to leverage this expertise internationally. Our smart manufacturing system is starting to be rolled out in the US and, with the support of the UK team, our China colleagues have launched a lean initiative to improve performance.

We are excited about the significant opportunity to drive further operational improvements going forward, both in the UK and internationally, and this will be fundamental in supporting the Group's future margin ambition.

TRUST: Ongoing Trusted Partner initiatives drive strong non-financial KPI performance
Our strong financial performance and improvement in operational efficiency is also reflected in our sustainability KPIs.

UK food waste reduced by 40bps to 6.2% in H1 2024 (FY23: 6.6%) supported by ongoing operational focus on waste management along with our continued commitment to increasing redistribution.

Group net carbon emissions were up 3.5% (vs FY23), with a 1.4% reduction in UK net carbon emissions, driven by our continued focus on refrigeration upgrades and heat recovery, offset largely by a refrigeration leak at one of our US sites.

We have cemented the Group's commitment to reach Net Zero, with our targets for all scopes now validated by the Science Based Targets initiative ("SBTi") and we are on track for our near-term target of reducing operational emissions by 42% by 2030, against our 2021 base.

We have made good progress and reached settlement on pay at all but one UK site where, despite having made an offer significantly ahead of inflation, the union are balloting for industrial action. There is a risk of disruption, but we have clear contingency plans in place to minimise the impact.

Despite this, we are more engaged with our colleagues than ever before. We are continuing to reward them for their hard work with pay increases ahead of inflation and improved benefits. Over the last three years we have increased factory rates of pay by 21% and with initiatives, such as our staff shop transformation and investment in training, we continue to strive to make Bakkavor a better place to work. On the back of this, we are proud of the reduction in UK employee turnover which is now at 22.1% (FY 23: 26.2%), with the US also seeing a marked improvement.

OUTLOOK: **Confident in delivering profit ahead of market expectations[1]**
The momentum we have built as a Group gives us confidence to upgrade our guidance for FY24 to a new range of adjusted operating profit of £108m to £112m, ahead of market expectations[1]. This is based on reported revenue growth strengthening to between 2% and 3% (previously 1% to 2%), the annualization of our 2023 restructuring activity and our efficiency improvements continuing to more than offset an under-recovery of inflation (FY24 inflation expected to be c.£50m). The upper end of our profit range would be a record delivery for the Group. Furthermore, we now have a medium-term target to rebuild adjusted operating profit margin to 6%.

In the UK, positively, our volume outlook has improved. Consumer confidence is expected to continue to steadily build, and we have a strong pipeline that will see us continue to outperform the market. Our continued focus on driving efficiency and other strategic actions is expected to fuel further profitability improvements as we seek to rebuild margins following the erosion caused by inflationary pressures in recent years.

The stabilisation of the US business is now largely complete and the improvements we have made will continue to deliver margin improvement in line with our expectations in the second half. As we start to rebuild our growth pipeline, we expect to return to revenue growth in the latter part of 2024. Our existing footprint has sufficient headroom to accommodate growth for several years.

In China, we expect our lean initiative to support a reduction in operating losses year-on-year. The business remains cash generative and self-sustaining as we assess our long-term strategic ambitions in the region.

From a balance sheet perspective, we expect a further reduction in debt through enhanced profitability and working capital improvements. Our strengthened financial position, combined with our confidence in delivering further profit improvement, supports our progressive dividend policy.

1. Based on company compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for FY24 at £106.2m with a range of £103.7m to £107.7m. Last updated on 4 September 2024.

DIVISIONAL REVIEW

United Kingdom: *Driving margins through operational excellence in an improving market*

£ million (unless otherwise stated)	**H1 24**	H1 23	*Change*
Revenue	**957.4**	913.7	*4.8%*
Like-for-like revenue[1]	**957.4**	913.7	*4.8%*
Adjusted operating profit[1]	**52.4**	44.8	*17.0%*
Adjusted operating profit margin[1]	**5.5%**	4.9%	*60bps*
Operating profit	**52.4**	44.8	*17.0%*
Operating profit margin	**5.5%**	4.9%	*60bps*

1. Alternative performance measures are referred to as 'like-for-like', 'adjusted', 'underlying' and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 23.

Trading performance

Trading performance
LFL and reported revenue increased by 4.8% to £957.4m (H1 23: £913.7m). Volume strengthened through the period, and marginally outpaced the broader market, which grew at 2.2%. Conversely, the impact of inflation recovery through price has eased through the first half, albeit price still contributed meaningfully to LFL growth in H1 24.

Adjusted operating profit increased by 17.0% to £52.4m (H1 23: £44.8m), with a strong improvement in margin, up 60 basis points to 5.5% (H1 23: 4.9%), underpinned by our improvement activities.

Encouraging market dynamics support return to volume growth
An improvement in consumer confidence has supported good FPF volume recovery. The fundamentals of our FPF proposition are more relevant than ever as demand for convenient, high quality meal solutions at great value has strengthened. This has been driven by more in-home dining, with premium ranges performing well. Shoppers are also making more trips to the supermarket, resulting in frequency returning to growth, and are now more open to new products as attention starts to shift from price. Value, however, remains important for shoppers and a return to more normalised levels of promotional activity has supported volume growth. At a category level, salads and desserts have recovered well from the previous impact of cost-of-living pressures, meals has grown steadily supported by an uptick in meal deal activity and pizza and bread has normalised following high demand in FY23.

Against this encouraging backdrop, we have consolidated our share gains and outperformed the market with volume up 2.3% in H1 24 (FPF market volume: 2.2%) underpinned by three key drivers. Firstly, our customer service levels have remained at over 99% as we have continued to effectively manage volatility in the supply chain. Secondly, our innovation has performed strongly ensuring that our core ranges outperform for our customers. Finally, we have onboarded new business wins, which included a range of over 40 cream cake and hot eat desserts for a key customer.

Looking ahead, we expect this positive momentum to continue for the remainder of the year and beyond as consumer confidence continues to build steadily. We expect our strong growth pipeline to deliver underlying market outperformance as we continue to provide excellent customer service and deliver new convenient solutions for consumers.

Margin improvement underpinned by improvement activities
Overall, the UK delivered a strong performance in the first half with margin up 60 basis points to 5.5%, underpinned by our improvement activities.

Inflationary pressures have eased significantly and whilst we incurred c.£25m of inflation across our UK cost base, this compares to c.£87m in H1 23. Labour was the primary driver due to the increase in the National Living Wage, along with our continued investment in rates of pay and broader benefits. There also remains pockets of inflation in certain raw materials such as dairy. Our customers again supported us on price, and whilst not all inflation was recovered the pricing gap was offset by the benefit of improvement activities, with strengthening volumes also a helpful dynamic.

The first half benefitted from the annualisation of our 2023 restructuring actions delivering ahead of plan and strong operational performance. We are driving efficiency improvements through the continued development of the Bakkavor Operating System ("BOS"). The BOS defines how we work across our factories and is supported by the smart manufacturing system that is now in place at all our UK sites. Our centralised and well-established Operational Excellence team drives this agenda and includes dedicated Operational Excellence managers at every site with training programmes to support their development and further embed best practice.

Our focus in recent years on initiatives to drive labour efficiencies is now well-embedded in our ways of working. Using the same approach, we have recently extended our focus to material waste improvement, as part of a multi-year program to deliver both operational improvement and support our sustainability commitments.

Our approach to excellence extends to our management of the supply chain. Whilst the broader supply chain remains fragile, with extreme weather conditions impacting quality and supply of fresh raw materials, our scale and agility means we have been able to minimise disruption.

Driving returns through targeted strategic investments
Following a year of restricted spend in 2023, capital investment is starting to return to more normalised levels. We have a strong pipeline of investments, with spend weighted to the second half of the year. As growth returns, we are increasing our investment in new product development with plans approved to build an enhanced development facility at our Desserts Newark site which will commence in H2 24. We also continue to implement energy efficient solutions to support our strategic commitment to achieve Net Zero carbon emissions and completed the next phase of refrigeration upgrades at both our Desserts Newark and Meals Sutton Bridge sites in August 2024.

Our program of productivity investments continues with our Operational Excellence team prioritising projects across the UK as part of a rigorous appraisal process to maximise returns.

As we seek to further enhance our returns, we have identified that our Bakkavor Meals Wigan facility is unsustainable with low margin business in a factory that requires significant investment. This has resulted in the difficult but necessary decision to announce the potential closure of this site, with consultation to commence at the end of September 2024. Should the consultation lead to closure, we would expect to exit c.£80m of business in H1 25. We appreciate this is a difficult time for affected colleagues and are committed to supporting them. We plan to offer colleagues alternative roles within our business wherever possible and will also be working on several initiatives to help colleagues secure alternative employment opportunities in their local area.

United States: Profitability restored in line with plan and rebuilding our growth pipeline

£ million (unless otherwise stated)	**H1 24**	H1 23	*Change*
Revenue	**109.4**	117.6	*(7.0%)*
Like-for-like revenue[1]	**112.0**	117.6	*(4.7%)*
Adjusted operating profit[1]	**3.6**	0.1	*3,500%*
Adjusted operating profit margin[1]	**3.3%**	0.1%	*320bps*
Operating profit	**3.0**	0.1	*2,900%*

Operating profit margin	**2.7%**	0.1%	*260bps*

1. Alternative performance measures are referred to as 'like-for-like', 'adjusted', 'underlying' and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 23.

Trading performance

LFL revenue reduced by 4.7% to £112.0m (H1 23: £117.6m) in line with expectations as our strategic shift from focusing on growth to profit continued. Including the impact of currency, reported revenue was down 7.0% to £109.4m (H1 23: £117.6m).

Profitability has continued to build, delivering adjusted operating profit of £3.6m in the first half, up £3.5m on H1 23 and ahead of H2 23 despite this period benefiting from seasonal Thanksgiving volume. Operating profit of £3.0m (H1 23: £0.1m) includes £0.6m of exceptional costs (H2 23: £nil) related to an asset impairment.

Execution of plans drive profitability

The first stage of reshaping our US business is now complete and the new leadership team, established in the first half of 2023, is well-embedded and delivering on their refreshed priorities.

The improvement in profit has been driven by our absolute focus on driving operational performance and tightly managing our overheads. Specific initiatives include consolidation of shift patterns to maximise labour efficiency and preventative maintenance plans to help minimise machinery downtime. Ensuring we get the basics right has remained a priority, with industry-leading technical KPIs and customer service levels firmly re-established.

Sales growth has not been our short-term priority and the annualisation of business exited in 2023 has driven the decline in H1 24. However, with profitability now restored, we move into the second stage of reshaping our business with our focus turning to rebuilding our growth pipeline in a sustainable way. We launched a new range of ready meals under the 'Fresh & Simple' brand with a new customer in April 2024 and have re-started a more meaningful pipeline of new product development for our strategic customers, with the successful launch of a premium range of ready meals for one customer at the end of the first half. We expect to return to revenue growth in the second half which, alongside our continued focus on performance, will support further margin improvement.

Our headroom for growth remains significant, with our existing footprint providing c. 500m of capacity, and we remain excited about the opportunities in this region.

China: *Self-sustaining simplified business, with good volume growth and efficiency led profit improvement*

£ million (unless otherwise stated)	**H1 24**	H1 23	*Change*
Revenue	**54.4**	59.1	*(8.0%)*
Like-for-like revenue[1]	**54.8**	51.6	*6.3%*
Adjusted operating loss[1]	**(1.0)**	(1.5)	*33.3%*
Adjusted operating loss margin[1]	**(1.8%)**	(2.5%)	*70bps*
Operating profit	**3.4**	1.4	*142.9%*
Operating profit margin	**6.3%**	2.4%	*390bps*

1. Alternative performance measures are referred to as 'like-for-like', 'adjusted', 'underlying' and are applied consistently throughout this document. These are defined in full and reconciled to the reported statutory measures in Note 23.

Trading performance

LFL revenue was up 6.3% to £54.8m (H1 23: £51.6m), driven by volume. The trading environment in mainland China returned to normalised growth through the period but was partially offset by significantly reduced volumes in Hong Kong as the market remains depressed. Reported revenue, which includes the Bakery business up to its disposal at the end of March 2024 and the impact of currency movements, was down 8.0% to £54.4m (H1 23: £59.1m).

Adjusted operating loss of £1.0m improved by 33.3% on H1 23, driven by our lean initiative, partially offset by challenges within the Hong Kong market which is leading to significantly reduced volumes. Operating profit of £3.4m includes £4.4m of exceptional income which primarily relates to the £3.9m profit on disposal of our Bakery business in China, as we simplify our operations in the region.

Profitability improvements driven by focus on operational efficiency

The FPF market in mainland China continues to grow at c.10%, driven by store openings as consumers develop an increased appetite for western-style FPF options. Our foodservice customers are performing strongly and, whilst competitive pressures have intensified as more local players enter the market, we have maintained our market share. Our retail sales have continued to deliver strong growth and now comprise 21% of mainland China revenue, as we continue to roll-out to new stores and increase penetration with existing customers.

Our profit improvement has been driven by a keen focus on efficiency improvements across our seven sites in mainland China. Leveraging our UK expertise, we launched a lean initiative to roll-out operational best practices, which included factory initiatives such as optimising production run times through process efficiencies and labour analysis, as well as supply chain optimisation. The benefit of these initiatives is expected to continue to drive improvement, through the remainder of the year and beyond, and support our target to deliver a breakeven adjusted operating profit run rate.

Performance in Hong Kong, however, has remained depressed driven largely by the reduction in the ex-pat community, which has impacted both sales and profitability.

As reported previously, our strategic investment in the region is complete, and we continue to maintain a tight control of capital spend. The actions we have taken to simplify our business through disposals over the last 18 months have delivered c.£13m in cash, and our remaining operations are now wholly focused on serving fresh prepared products to both retail and foodservice customers from seven factories in mainland China, and one factory in Hong Kong. The business remains cash generative and self-sustaining as we assess our strategic options in the region.

FINANCIAL REVIEW

Revenue and operating profit

Group reported revenue increased by 2.8% to £1,121.2m (H1 23: £1,090.4m). LFL revenue grew 3.8% to £1,124.2m (H1 23: £1,082.9m), of which 2.1% was price and 1.7% volume. LFL revenue growth adjusts for the disposal of the Bakery business in China and the impact of currency movements.

Adjusted operating profit increased by £11.6m to £55.0m (H1 23: £43.4m), with margin up 90 basis points to 4.9% (H1 23: 4.0%).

Of this increase in profit, volume growth contributed £3.9m. This primarily related to the UK, as consumer confidence has improved, and China, as our customers continued aggressive store roll-outs and retail customers expanded their fresh prepared product offering. Whilst inflation has eased, the Group still faced a meaningful increase in cost, with £25.9m of cost inflation equivalent to a 2.6% increase on our total cost base primarily driven by labour. We have continued to receive support from our customers on price, with our pass-through mechanisms working effectively and additional recovery secured in traditional negotiations through the first half of the year. The level of recovery in H1 24, at 87%, equivalent to £22.6m in price, is also supported by the annualisation of price increases secured in FY23.

The Group's efficiency improvement activities remain fundamental to driving profit improvement and contributed £11.0m in the first half. This was driven by the annualisation of the restructuring initiatives implemented in FY23, along with further factory efficiencies, partially offset by increases in overhead costs driven by volume growth.

Operating profit was up £12.5m to £58.8m (2023: £46.3m), with margin up 100 basis points to 5.2% (2023: 4.2%). H1 24 operating profit includes £3.8m of exceptional income, excluded from adjusted operating profit, primarily related to the £3.9m profit on disposal (pre-tax) of the Bakery business in China. Further detail is provided in Note 4 of the accounts.

Finance costs

Group profit before tax was £45.2m (H1 23: £32.6m). This was after finance costs (net) of £13.9m (H1 23: £13.3m), which include £0.6m (H1 23: £nil) of accelerated amortisation of fees following the Group's refinancing of its core debt facilities in July 2024. The Group incurred higher interest rates in H1 24 as our fixed interest rate swaps, totalling £150m at an average rate of 0.37%, rolled off at the end of March 2024. These swaps were replaced with £130m of fixed interest rate swaps at an average rate of 3.73% and will remain in place until March 2026. The cost associated with higher interest rates was, however, offset as the Group now has lower average debt levels

Tax

The Group tax charge for H1 24 was £10.0m (H1 23: £7.5m), representing an effective tax rate of 22.0% (H1 23: 23.0%). The underlying effective tax rate, which excludes exceptionals, was 24.0% (H1 23: 25.1%). The reduction in underlying effective tax rate year-on-year is driven by the benefit of additional losses brought forward following a review of the Group's taxable loss position. This will also benefit the second half of the year and means the forecasted Group underlying effective tax rate for FY24 is c.24% (previous guidance c.26%).

Earnings per share

Adjusted earnings per share increased to 5.5 pence in H1 24 (H1 23: 3.9 pence) driven by the improvement in trading performance.

Basic earnings per share also increased, up 1.7 pence to 6.1 pence (H1 23: 4.4 pence), as in addition to the improvement in trading performance it also benefits from an increase in exceptional income, which is excluded from adjusted earnings per share.

Cash flow

Free cash generation of £53.2m (H1 23: £45.2m) is primarily driven by the improvement in operating profit. We have consolidated our very strong performance in working capital that was delivered last year through a small inflow in the period. The first half also benefits from lower capital spend as a combination of longer lead times on capital projects and high levels of business activity has impacted the timing of spend. We remain absolutely focused on retaining the rigour in our capital appraisal process and see no adverse impact of taking more time to execute when it comes to capital spend.

£ million	**H1 24**	H1 23
Operating profit	**58.8**	46.3
Exceptional items	**(3.8)**	(2.9)
Adjusted operating profit	**55.0**	43.4
Depreciation, amortisation & other	**35.1**	35.5
Net working capital (excl. exceptional items)	**3.5**	15.0
Purchases of property, plant and equipment (net) & intangible assets	**(14.6)**	(22.8)
Interest and tax paid	**(19.1)**	(18.5)
Net retirement benefits charge less contributions	**(1.1)**	(1.0)
IFRS 16 lease payments	**(5.6)**	(6.4)
Free cash flow	**53.2**	45.2

Debt and leverage

Continued strong cash generation has led to a further reduction in operational net debt by £27.8m to £201.8m (FY23: £229.6m). Leverage, the ratio of operational net debt to adjusted EBITDA, improved by 0.3 times to 1.2 times (FY23: 1.5 times) and is at the lower end of the Group's target range of 1.0 to 2.0 times. The Group's liquidity position has remained strong, with headroom of over £250m against our core debt facilities of £462m at June 2024.

Refinancing

On 25 July 2024 the Group refinanced its debt facilities with £350m of new facilities comprising a £200m revolving credit facility ("RCF") and a £150m term loan, maturing in July 2028 with the option of two additional one year extensions. Our new facilities include a 25 basis point improvement in margin at 1.85%, along with the addition of an acquisition spike to take leverage to 3.5 times, which provides flexibility to support our medium-term strategic ambitions. The remaining covenants under the new facilities are in line with our existing facilities, with the exception of the sustainability-linked covenant which no longer applies. Delivering on our sustainability targets, however, remains a key priority and these targets are already incorporated in the Group's bonus schemes. Following this refinancing, we continue to operate with significant liquidity headroom of c.£180m which provides a strong platform for future growth.

Dividend

During the period, the Group paid £25.3m in respect of the final dividend for FY23.

The improved strength of the Group's financial position and continued strong cash generation support our long-term growth aspirations and commitment to increasing returns to shareholders. With profit after tax up £10.1m or 40.2% in the period and an uplift in profit guidance for the full year, the Board has decided to pay an interim dividend of 3.20 pence per Ordinary share, up 10.0% on the prior period. The interim dividend will be paid on 11 October 2024 to shareholders on the register of members as at 13 September 2024 (the record date). Going forward, the Board expects to maintain a progressive dividend policy.

Investment and returns

The Group's ROIC for the 12 months to 29 June 2024 was 8.7%, up significantly by 120bps versus the year end at 7.5%. The increase is driven by lower average invested capital, following two years of controlled capital spend, and

7.[illegible]%. The increase is driven by lower average invested capital, following two years of controlled capital spend, and the Group's improved profitability. The Group expects further improvement in ROIC in the medium-term as previous investments deliver an increase in returns.

With capital expenditure down year-on-year in the first half, as outlined earlier, we have revised our guidance for capital for the full year to £50m to £60m (previously £60m to £70m).

We are making good progress on our project to replace our legacy UK ERP systems. Earlier in the year, we indicated that the cash impact of this project would be c.£10m. Of this, we expect c.£5m to be capital spend in FY24. In line with accounting standards, certain elements of spend may be expensed and this will be recognised as exceptional costs. The total project cost remains unchanged at £35m to £40m which will be incurred over the next three to four years.

Pensions
Under the IAS 19 valuation principles, the Group recognised a surplus of £18.7m for the UK defined benefit scheme as at 29 June 2024 (FY23: £12.0m surplus). This is due to the benefit from lower discount rates on the schemes defined benefit obligations being more than the slight reduction in the value of plan assets.

The Group and the Trustee agreed the triennial valuation of the UK defined benefit pension scheme as at 31 March 2022 in May 2023, resulting in the Group agreeing to make recovery payments of £2.5m p.a. through to 31 March 2025, with an extension through to 31 August 2025 if the scheme is in deficit at the end of December 2024 and the end of January 2025.

Capital allocation
We maintain a disciplined approach to capital allocation, with the overriding objective to enhance shareholder value. In delivering against this objective, we have simplified our operations in China resulting in proceeds of c.£13m over the last two years, and we will continue to seek opportunities to redeploy our capital in the most effective way. More generally, the allocation of capital is primarily split across capital investment, debt reduction to decrease financing costs given base rates remain elevated, and dividends. Inorganic opportunities are considered where they are a strategic fit for our business. In the medium-term, we remain committed to investing to enhance returns and are focused on maintaining leverage within our target range whilst continuing with a progressive dividend policy.

Principal risks and uncertainties
The principal risks and uncertainties facing the Group are set out on pages 74 to 80 of the 2023 Annual Report and Accounts, published on 15 March 2024. The principal risks themselves remain unchanged as at 29 June 2024. Developments through the first half of the year have, however, resulted in the risk profile of four of our principal risks changing, as outlined below:

Principal risk	**Severity (likelihood x impact)**	**Description**
Consumer demand and retailer landscape	↓	UK FPF volumes have started to recover in H1 24 as consumer confidence improves and this trend is expected to continue.
Strategic growth and change programmes	↑	Design and build activities relating to the replacement of our UK ERP system are now underway, which has led to an increase in this risk.
Food safety and integrity	↓	Our mitigating actions regarding food safety and progress on KPIs in this area mean we consider the severity of this risk to be lower.
Availability, recruitment and retention of colleagues	↓	Improving labour market in the UK and the US, evidenced by in the reduction of employee turnover, along with our continued investment in rates of pay, benefits and engagement, mean we consider the severity of this risk crystallising to be lower.

Condensed Consolidated Income Statement

		26 weeks ended 29 June 2024 (Unaudited)			26 weeks ended 1 July 2023 (Unaudited)		
£m	Notes	**Underlying activities**	**Exceptional items[1] (Note 4)**	**Total**	Underlying activities	Exceptional items[1] (Note 4)	Total
Continuing operations							
Revenue	3	**1,121.2**	**-**	**1,121.2**	1,090.4	-	1,090.4
Cost of sales		**(808.3)**	**-**	**(808.3)**	(802.5)	-	(802.5)
Gross profit		**312.9**	**-**	**312.9**	287.9	-	287.9
Distribution costs		**(43.4)**	**-**	**(43.4)**	(42.8)	-	(42.8)
Other administrative (costs)/income		**(214.5)**	**3.8**	**(210.7)**	(201.7)	2.9	(198.8)
Operating profit		**55.0**	**3.8**	**58.8**	43.4	2.9	46.3
Finance costs, net	5	**(13.3)**	**(0.6)**	**(13.9)**	(13.3)	-	(13.3)
Other gains and (losses)	6	**0.3**	**-**	**0.3**	(0.4)	-	(0.4)
Profit before tax		**42.0**	**3.2**	**45.2**	29.7	2.9	32.6
Tax	7	**(10.0)**	**-**	**(10.0)**	(7.5)	-	(7.5)
Profit for the period		**32.0**	**3.2**	**35.2**	22.2	2.9	25.1
Earnings per share							
Basic	8			**6.1p**			4.4p
Diluted	8			**6.0p**			4.3p

[1] The Group presents its Condensed Consolidated Income Statement with three columns. The Directors consider that the underlying activities

The Group presents its Condensed Consolidated Income Statement with three columns. The Directors consider that the underlying activities are more representative of the ongoing operations and key metrics of the Group. Details of exceptional items can be found in Note 4 and include material items that are non-recurring, significant in nature and are important to users in understanding the business, including restructuring costs and impairment of assets. In addition, the Group uses further Alternative Performance Measures which can be found in Note 23.

Condensed Consolidated Statement of Comprehensive Income

£m	26 weeks ended 29 June 2024 (Unaudited)	26 weeks ended 1 July 2023 (Unaudited)
Profit for the period	**35.2**	25.1
Other comprehensive income/(expense)		
Items that will not be reclassified to the income statement:		
Actuarial gain on defined benefit pension schemes	**5.6**	4.5
Tax relating to components of other comprehensive expense	**(1.4)**	(1.1)
Items that may be reclassified to the income statement:		
Exchange differences on translation of foreign operations	**0.8**	(11.9)
Gain/(loss) on cash flow hedges	**2.3**	(2.5)
Hedging (gains) reclassified to profit or loss	**(2.0)**	(3.1)
Tax relating to components of other comprehensive income	**0.5**	1.6
Total other comprehensive income/(expense) net of tax	**5.8**	(12.5)
Total comprehensive income	**41.0**	12.6

Condensed Consolidated Statement of Financial Position

£m	Notes	29 June 2024 (Unaudited)	30 December 2023 (Audited)
Non-current assets			
Goodwill	10	**652.9**	652.5
Other intangible assets		**12.2**	10.5
Property, plant and equipment	11	**487.3**	507.9
Interests in associates and other investments		**0.1**	0.1
Deferred tax asset		**14.4**	14.7
Retirement benefit asset		**18.7**	12.0
Derivative financial instruments		**1.6**	0.9
		1,187.2	1,198.6
Current assets			
Inventories	12	**74.2**	71.3
Trade and other receivables	13	**196.8**	171.7
Cash and cash equivalents	15	**45.5**	36.6
Derivative financial instruments		**0.1**	2.1
		316.6	281.7
Total assets		**1,503.8**	1,480.3
Current liabilities			
Trade and other payables	14	**(477.6)**	(447.6)
Current tax liabilities		**(1.5)**	(3.4)
Borrowings	15	**(10.4)**	(25.4)
Lease liabilities	15	**(10.0)**	(11.6)
Provisions		**(8.9)**	(10.4)
Derivative financial instruments		**(1.0)**	(0.5)
		(509.4)	(498.9)
Non-current liabilities			
Borrowings	15	**(237.1)**	(240.0)
Lease liabilities	15	**(76.4)**	(78.9)
Provisions		**(16.7)**	(15.7)
Derivative financial instruments		**(0.6)**	(0.8)
Deferred tax liabilities		**(44.4)**	(38.4)
		(375.2)	(373.8)
Total liabilities		**(884.6)**	(872.7)
Net assets		**619.2**	607.6
Equity			
Called up share capital	17	**11.6**	11.6
Own shares held	17	**(1.4)**	(4.4)

Merger reserve	**(130.9)**	(130.9)
Hedging reserve	**0.3**	1.1
Translation reserve	**33.6**	32.8
Retained earnings	**706.0**	697.4
Total equity	**619.2**	**607.6**

Condensed Consolidated Statement of Changes in Equity

£m	Share capital	Own shares held	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total
Balance at 31 December 2023 (Audited)	**11.6**	**(4.4)**	**(130.9)**	**1.1**	**32.8**	**697.4**	**607.6**
Profit for the period	-	-	-	-	-	35.2	**35.2**
Other comprehensive (expense)/income for the period	-	-	-	0.8	0.8	4.2	**5.8**
Total comprehensive income for the period	**-**	**-**	**-**	**0.8**	**0.8**	**39.4**	**41.0**
Reclassification to inventory	-	-	-	(1.6)	-	-	**(1.6)**
Purchase of own shares (Note 17)	-	(2.8)	-	-	-	-	**(2.8)**
Share-based payments (Note 17)	-	5.8	-	-	-	(5.8)	**-**
Dividends (Note 9)	-	-	-	-	-	(25.3)	**(25.3)**
Cash-settlement of share-based payments	-	-	-	-	-	0.3	**0.3**
Balance at 29 June 2024 (Unaudited)	**11.6**	**(1.4)**	**(130.9)**	**0.3**	**33.6**	**706.0**	**619.2**

£m	Share capital	Own shares held	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total
Balance at 1 January 2023 (Audited)	**11.6**	**(3.1)**	**(130.9)**	**9.5**	**44.5**	**686.2**	**617.8**
Profit for the period	-	-	-	-	-	25.1	**25.1**
Other comprehensive (expense)/income for the period	-	-	-	(4.0)	(11.9)	3.4	**(12.5)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(4.0)**	**(11.9)**	**28.5**	**12.6**
Reclassification to inventory	-	-	-	(1.0)	-	-	**(1.0)**
Purchase of own shares (Note 17)	-	(0.1)	-	-	-	-	**(0.1)**
Share-based payments (Note 17)	-	0.1	-	-	-	(0.1)	**-**
Dividends (Note 9)	-	-	-	-	-	(24.0)	**(24.0)**
Credit for share-based payments	-	-	-	-	-	1.0	**1.0**
Balance at 1 July 2023 (Unaudited)	**11.6**	**(3.1)**	**(130.9)**	**4.5**	**32.6**	**691.6**	**606.3**

Condensed Consolidated Statement of Cash Flows

£m	Notes	**26 weeks ended 29 June 2024 (Unaudited)**	26 weeks ended 1 July 2023 (Unaudited)
Net cash generated from operating activities	20	**70.7**	63.3
Investing activities			
Interest received		**0.2**	0.3
Dividends received from associates		**-**	1.6
Purchases of property, plant and equipment		**(13.2)**	(22.0)
Proceeds on disposal of property, plant and equipment		**-**	1.6
Purchase of intangibles		**(1.4)**	(0.9)
Acquisition of subsidiary		**(1.8)**	-
Proceeds on disposal of subsidiaries		**6.9**	-
Proceeds on disposal of associates		**-**	3.2
Net cash used in investing activities		**(9.3)**	(16.2)
Financing activities			

Dividends paid	9	**(25.3)**	(24.0)
Own shares purchased	17	**(2.5)**	-
Increase in borrowings		**15.0**	1.3
Repayment of borrowings		**(33.9)**	(32.1)
Principal elements of lease payments		**(5.6)**	(6.6)
Net cash used in financing activities		**(52.3)**	(61.4)
Net increase/(decrease) in cash and cash equivalents		**9.1**	(14.3)
Cash and cash equivalents at beginning of period		**36.6**	40.2
Effect of foreign exchange rate changes		**(0.2)**	(1.2)
Cash and cash equivalents at end of period		**45.5**	24.7

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Bakkavor Group plc is a company limited by shares, incorporated and domiciled in England, United Kingdom. Its registered office and principal place of business is Fitzroy Place, 5th Floor, 8 Mortimer Street, London, W1T 3JJ, UK (Company number: 10986940). Its Ordinary shares are listed on the London Stock Exchange.

The principal activities of the Group comprise the manufacture of fresh prepared foods and fresh produce. These activities are undertaken in the UK and US where products are primarily sold through high-street supermarkets and China where products are primarily sold through foodservice operators.

The Condensed Consolidated Interim Financial Statements ("Interim Report") for the 26 weeks ended 29 June 2024 ("H1 2024") and 26 weeks ended 1 July 2023 ("H1 2023") do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 December 2023 were approved by the board of directors on 4 March 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The Interim Report has been reviewed, not audited.

The Interim Report has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency rules of the Financial Conduct Authority.

The Interim Report does not include all of the information and disclosure required in the Annual Consolidated Financial Statements and should be read in conjunction with the Bakkavor Group plc (the "Group") Annual Consolidated Financial Statements for the 52 weeks ended 30 December 2023, which have been prepared in accordance with UK-adopted International Accounting Standards, and any public announcements made by the Group during the interim reporting period.

Controlling parties

Two of the Company's Directors, Agust Gudmundsson and Lydur Gudmundsson, hold shares in the Company through their beneficial ownership of Carrion Enterprises Limited (the corporate holding structure of Agust Gudmundsson) and Umbriel Ventures Limited (the corporate holding structure of Lydur Gudmundsson). Umbriel Ventures Limited holds 142,303,505 ordinary shares (representing 24.56% of the issued share capital of the Company) and Carrion Enterprises Limited holds 142,103,505 ordinary shares (representing 24.52% of the issued share capital of the Company).

Lixaner Co Limited, a company owned and controlled by Sigurdur Valtysson, who runs the family office for Agust and Lydur Gudmundsson, holds 6,457,750 ordinary shares (representing 1.11% of the issued share capital of the Company). Given the close relationship between the parties, Sigurdur Valtysson is to be considered as acting in concert with Agust and Lydur Gudmundsson for the purposes of the definition in the Takeover Code and the parties are controlling shareholders of the Company. The aggregate shareholding in the Company of Carrion Enterprises Limited and Umbriel Ventures Limited and their concert party group (Lixaner Co Limited) is 290,864,760 ordinary shares (representing 50.20% of the issued share capital of the Company).

Seasonality of operations

The Group's cash flows are affected by seasonal variations. Sales of fresh prepared food have historically tended to be marginally higher during the summer months and in the weeks leading up to Christmas.

2. Significant accounting policies

Basis of accounting

The financial information has been prepared on the historical cost basis, except for the revaluation of financial instruments and retirement benefit plan assets, which are stated at fair value.

Accounting policies

The accounting policies adopted are consistent with those of the previous Group's Annual Financial Statements for the 52 weeks ended 30 December 2023.

Critical accounting judgements and key sources of estimation uncertainty

There have been no changes in the period to the Group's critical accounting judgements and key sources of estimation uncertainty as disclosed in the Group's Annual Financial Statements for the 52 weeks ended 30 December 2023.

Going concern

The Directors have reviewed the historical trading performance of the Group and the forecasts through to December 2025. This includes the Group's future revenue projections and cash requirements, which they believe are based on prudent interpretations of market data and past experience.

The Directors have also considered the Group's level of available liquidity and covenant compliance under its financing facilities, which were refinanced on 25 July 2024. Following this refinancing the Group has an aggregate loan amount facilities, which were refinanced on 25 July 2024. Following this refinancing the Group has an aggregate loan amount of £350m, comprising a £150m term loan and a £200m revolving credit facility. These new facilities will mature in July 2028 with the option of two one-year extensions. The Directors have carried out a robust assessment of the significant risks currently facing the Group. This has included scenario planning on the implications of further inflation and the potential impact of lower sales volumes from supply chain issues and reduced consumer demand in response to increasing retail prices.

Having taken these factors into account under the scenario, which is considered to be severe but plausible, the Directors consider that adequate headroom is available based on the forecasted cash requirements of the business. At the date of this report, the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so in the future.

Consequently, the Directors consider that the Group has adequate resources to meet its liabilities as they fall due for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Interim Report.

3. Segment information

The chief operating decision-maker ("CODM") has been defined as the Senior Executive Team headed by the Chief Executive Officer. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the segments based on these reports.

As at the statement of financial position date, the Group is organised into three regions, the UK, US and China, and manufactures fresh prepared foods and produce in each region.

The Group manages the performance of its businesses through the use of 'Adjusted operating profit' as defined in Note 23.

The following table provides an analysis of the Group's segment information for the period from 31 December 2023 to 29 June 2024:

£m	Note	UK	US	China	Total
Revenue		**957.4**	**109.4**	**54.4**	**1,121.2**
Adjusted EBITDA	**23**	**80.7**	**9.2**	**2.0**	**91.9**
Depreciation		(24.9)	(5.5)	(3.0)	(33.4)
Amortisation		(1.5)	(0.1)	-	(1.6)
Share scheme charges		(1.9)	-	-	(1.9)
Adjusted operating profit/(loss)	**23**	**52.4**	**3.6**	**(1.0)**	**55.0**
Exceptional items	4	-	(0.6)	4.4	3.8
Operating profit		**52.4**	**3.0**	**3.4**	**58.8**

3. Segment information (continued)

The following table provides an analysis of the Group's segment information for the period 1 January 2023 to 1 July 2023:

£m	UK	US	China	Total
Revenue	**913.7**	**117.6**	**59.1**	**1,090.4**
Adjusted EBITDA (Note 23)	**71.8**	**5.6**	**1.5**	**78.9**
Depreciation	(25.1)	(5.3)	(2.9)	(33.3)
Amortisation	(0.9)	(0.2)	-	(1.1)
Share scheme charges	(1.0)	-	-	(1.0)
Loss on disposal of property, plant and equipment	-	-	(0.1)	(0.1)
Adjusted operating profit/(loss) (Note 23)	**44.8**	**0.1**	**(1.5)**	**43.4**
Exceptional items (Note 4)	-	-	2.9	2.9
Operating profit	**44.8**	**0.1**	**1.4**	**46.3**

Major customers

For the 26 weeks ended 29 June 2024, the Group's four largest UK customers accounted for 76.9% (26 weeks ended 1 July 2023: 75.1%) of total Group revenue from continuing operations. These customers accounted for 90.0% (26 weeks ended 1 July 2023: 89.7%) of total UK revenue from continuing operations. The Group does not enter into long-term contracts with its retail customers. The percentage of Group revenue from these customers is as follows:

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Customer A	**31.9%**	32.4%
Customer B	**23.9%**	22.7%
Customer C	**14.5%**	12.9%
Customer D	**6.6%**	7.1%

4. Exceptional items

The Group's financial performance is analysed in two ways: review of underlying performance (which does not include exceptional items) and separate review of exceptional items. The Directors consider that the underlying performance is more representative of the ongoing operations and key metrics of the Group.

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Exceptional items include items that are significant or non-recurring in nature, and are important to users in understanding the business, such as restructuring costs and impairment of assets.

	26 weeks ended	26 weeks ended

£m	29 June 2024	1 July 2023
Net profit on disposal arising from operations in China	**4.4**	2.9
US asset impairment charge	**(0.6)**	-
Total exceptional items included in operating profit	**3.8**	2.9
Exceptional finance costs (Note 5)	**(0.6)**	-
Total before tax	**3.2**	2.9
Tax on exceptional items	**-**	-
Total after tax	**3.2**	2.9

4. Exceptional items (continued)

H1 2024:

The Group recognised net exceptional income of £3.2m in H1 2024, which includes:

- £4.4m of profit on disposal arising from our China operations, which includes £3.9m profit on disposal from the 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024; and a further £0.5m of net profit arising from the sale of our Hong Kong associate in 2023 (with £1.4m of exceptional income recognised in FY23);
- £0.6m impairment charge in the US relating to equipment that is no longer in use; and
- £0.6m charge relating to accelerated amortisation of refinancing fees, see Note 5 for further details.

H1 2023:

The Group recognised exceptional income of £2.9m in H1 2023, which includes:

- £1.5m profit on disposal of property, plant and equipment following the sale and leaseback of one of the properties the Group operates from within the China segment; and
- £1.4m profit on disposal of associates, following the sale of its 45% share in two associate companies, La Rose Noire Limited and Patisserie et Chocolat Limited, on 8 May 2023.

The total net cash inflow during H1 2024 in respect of H1 2024 exceptional items was £6.6m, which wholly relates to the proceeds on disposal of the subsidiary in China net of tax (H1 2023 inflow in respect of H1 2023 exceptional items: £6.1m).

As shown in Note 20, there is £2.2m (H1 2023: £10.6m) net cash outflow related to a decrease in exceptional provisions. This relates to the cash impact of exceptional items recognised and provided for on the 31 December 2022 Statement of Financial Position in relation to restructuring costs for the closure of two of our UK sites and the costs of a corporate restructure.

5. Finance costs

£m	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Interest on borrowings	**8.1**	7.9
Interest on non-recourse receivables financing	**3.4**	3.4
Interest on lease liabilities	**1.5**	1.5
Unwind of discount on provisions	**0.5**	0.5
Total finance costs pre exceptionals	**13.5**	13.3
Exceptional finance costs	**0.6**	-
Total finance costs	**14.1**	13.3
Interest income	**(0.2)**	-
Total finance costs, net	**13.9**	13.3

Exceptional finance costs of £0.6m wholly relate to the accelerated amortisation of refinancing fees relating to the Group's refinancing of its core debt facilities which completed on 25 July 2024, with the process having launched on 7 June 2024. The amortisation of these refinancing fees prior to the launch of the refinancing were included in 'interest on borrowings'.

6. Other gains and (losses)

£m	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Foreign exchange gains/(losses)	**0.3**	(0.4)

7. Tax

The Group's effective tax rate for the period was 22.0% (H1 2023: 23.0%). Excluding the impact of net exceptional income (including financing costs) of £3.2m (H1 2023: £2.9m) the effective tax rate was 24.0% (H1 2023: 25.1%) which is 1.0% lower than the UK statutory tax rate of 25.0% (H1 2023: 23.5%). The reduction in underlying effective tax rate year-on-year is driven by the benefit of additional losses brought forward following a review of the Group's taxable loss position. The tax charge for the period has been calculated by applying the effective tax rate which is expected to apply for the year ended 28 December 2024.

On 20 June 2023, legislation in respect of the OECD Pillar Two model rules were substantively enacted in the UK, Finance (No 2) Act 2023, and came into effect from 1 January 2024. The Group is within the scope of the Pillar Two

Finance (No.2) Act 2023, and came into effect from 1 January 2024. The Group is within the scope of the Pillar Two rules and the IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

A reconciliation of the expected tax rate to the forecast effective tax rate is as follows:

£m	**26 weeks ended 29 June 2024**	
Profit before tax	**45.2**	
Expected tax at 25.0%	**11.3**	25.0%
Impact of:		
Overseas losses not recognised	0.3	1.0%
Prior year adjustment	(0.8)	(2.0)%
Non-taxable income	(0.8)	(2.0)%
Total tax charge	**10.0**	22.0%
Deduct: Tax charge on exceptional income	-	-
Tax charge pre-exceptional items	**10.0**	24.0%

8. Earnings per share

The calculation of earnings per Ordinary share is based on earnings after tax and the weighted average number of Ordinary shares in issue during the period.

For diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all potentially dilutive Ordinary shares.

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Profit for the period	**35.2**	25.1

Number of shares

'000	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Weighted average number of Ordinary shares	**577,790**	576,501
Effect of potentially dilutive Ordinary shares	**8,423**	9,355
Weighted average number of Ordinary shares for diluted earnings per share	**586,213**	585,856

8. Earnings per share (continued)

	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Basic earnings per share	**6.1p**	4.4p
Diluted earnings per share	**6.0p**	4.3p

9. Dividends

Reporting period	**Dividend per share**	**Date Approved**	**Date Paid**	**Number of dividend rights waived**[1]	**Amount Paid**
28 December 2024					
Interim dividend[2]	3.20p	September 2024	11 October 2024		
30 December 2023					
Final dividend	4.37p	May 2024	29 May 2024	1,065,145	£25,274,351
Interim dividend	2.91p	September 2023	13 October 2023	3,264,816	£16,766,278
31 December 2022					
Final dividend	4.16p	May 2023	5 June 2023	2,886,522	£23,984,025
Interim dividend	2.77p	September 2022	14 October 2022	2,492,273	£15,981,053

[1] Dividend rights waived in relation to Ordinary shares held in the Bakkavor Group plc Employee Benefit Trust.

[2] Interim dividend in relation to the 52 weeks ended 28 December 2024 is payable on 11 October 2024 to Ordinary shareholders registered on the record date at 13 September 2024.

10. Goodwill

£m

At 30 December 2023	
Cost	704.6
Accumulated impairment losses	(52.1)
Net book amount	652.5
At 31 December 2023	**652.5**
Exchange rate difference during the period	**0.4**
At 29 June 2024	**652.9**

11. Property, plant and equipment

£m	
At 30 December 2023	
Cost	1,213.5
Accumulated depreciation and impairment	(705.6)
Net book amount	507.9
At 31 December 2023	**507.9**
Additions	**15.5**
Disposals	**(2.2)**
Depreciation charge for the period	**(33.4)**
Impairment charge	**(0.6)**
Exchange rate difference during the period	**0.1**
At 29 June 2024	**487.3**

12. Inventories

£m	**29 June 2024**	30 December 2023
Raw materials and packaging	**58.7**	60.1
Work-in-progress	**3.3**	2.6
Finished goods	**12.2**	8.6
	74.2	71.3

13. Trade and other receivables

£m	**29 June 2024**	30 December 2023
Amounts receivable from trade customers	**154.8**	142.6
Expected credit loss	**(1.3)**	(1.3)
Net amounts receivable from trade customers	**153.5**	141.3
Other receivables	**19.5**	17.0
Prepayments	**23.8**	13.4
Trade and other receivables due within one year	**196.8**	171.7

During the period, the Group has continued to operate trade receivable factoring arrangements. These are non-recourse arrangements and therefore amounts are de-recognised from trade receivables. At 29 June 2024 £143.1m was drawn under factoring facilities (30 December 2023: £145.2m) representing cash collected before it was contractually due from the customer.

As at 29 June 2024, the Group's amounts receivable from trade customers includes £83.1m (30 December 2023: £72.8m) which could be factored under the non-recourse trade receivable factoring arrangement.

14. Trade and other payables

£m	**29 June 2024**	30 December 2023
Trade payables	**280.5**	262.4
Other taxation	**1.7**	2.2
Other payables	**28.9**	26.7
Accruals and deferred income	**166.5**	156.3
Trade and other payables due within one year	**477.6**	447.6

During the period, the Group has continued to operate an arrangement which provides financing for the Group's suppliers. This is a voluntary programme that potentially gives suppliers earlier access to cash. At 29 June 2024, trade payables amounting to £43.8m (30 December 2023: £42.7m) were subject to these arrangements. These balances are classified as trade payables, and the related payments as cash flows from operating activities since the original obligation to the supplier remains and has not been replaced with a new obligation to the bank.

15. Net debt

£m	29 June 2024	30 December 2023
Cash and cash equivalents	**45.5**	36.6
Borrowings	**(9.9)**	(25.5)
Interest accrual	**(0.5)**	(0.5)
Unamortised fees	**-**	0.6
Lease liabilities	**(10.0)**	(11.6)
Total debt due within one year	**(20.4)**	(37.0)
Borrowings	**(237.3)**	(240.5)
Unamortised fees	**0.2**	0.5
Lease liabilities	**(76.4)**	(78.9)
Total debt due after one year	**(313.5)**	(318.9)
Group net debt	**(288.4)**	(319.3)

Group net debt is the sum of cash and cash equivalents, prepaid fees to be amortised over the term of outstanding borrowings, outstanding borrowings, interest accrued on borrowings and lease liabilities.

On 25 July 2024, the Group completed a refinancing of its core debt facilities, with an aggregate loan amount of £350m, comprising a £150m term loan and a £200m revolving credit facility. These new facilities will mature in July 2028 with the option of two one-year extensions.

16. Financial instruments

The categories of financial instruments are as follows:

£m	29 June 2024	30 December 2023
Financial assets		
Fair value through OCI or profit and loss:		
Trade receivables	**83.1**	72.8
Derivative financial instruments	**1.7**	3.0
Measured at amortised cost:		
Trade receivables	**70.5**	68.5
Other receivables	**8.2**	5.4
Cash and cash equivalents	**45.5**	36.6
	209.0	186.3

£m	29 June 2024	30 December 2023
Financial liabilities		
Fair value through OCI or profit and loss:		
Derivative financial instruments	**1.6**	1.3
Other financial liabilities at amortised cost:		
Trade payables	**280.5**	262.4
Other payables	**15.0**	15.0
Accruals	**165.5**	155.3
Borrowings	**247.5**	265.4
Lease liabilities	**86.4**	90.5
	796.5	789.9

The fair value of financial assets approximates to their carrying values due to the short-term nature of the receivables. The fair value of trade receivables and derivative financial instruments has been determined as level 2 under IFRS 7 Financial Instruments: Disclosures. Quoted prices are not available for the derivative financial instruments and so valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market parameters including, for example, interest rate yield curves and currency rates.

The fair value of other financial liabilities at amortised cost approximates to their carrying value. The trade and other payables approximate to their fair value due to the short-term nature of the payables. The lease liabilities fair value approximates to the carrying value based on discounted future cash flows.

The borrowings fair value is £247.2m (30 December 2023: £266.1m).

There have been no changes to fair values as a result of change in credit risk of the Group or the Group's customers.

17. Share capital and own shares held

Issued share capital as at 29 June 2024 and 30 December 2023 amounted to £11.6m (579,425,585 Ordinary shares of £0.02 each).

During the prior and current period, the Company has purchased shares through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust (the "Trust"). Own shares purchased are recorded at cost and deducted from equity.

The own shares held represents the cost of shares in Bakkavor Group plc purchased in the market and held by the Trust to satisfy share awards under the Group's share scheme plans. The number of Ordinary shares held by the Trust at 29 June 2024 was 1,074,600 which represents 0.19% of total called up share capital (30 December 2023: 4,567,073 and 0.79% respectively).

No own shares held in Bakkavor Group plc were cancelled during the periods presented.

The table below shows the number of own shares purchased and distributed by the Trust and the related cost recognised within equity:

	Number of shares	£000
Balance at 30 December 2023	**4,567,073**	**4,372**
Acquisition of shares by the Trust	**2,419,593**	**2,830**
Distribution of shares under share scheme plans	**(5,912,066)**	**(5,835)**
Balance at 29 June 2024	**1,074,600**	**1,367**

The table below shows amounts included in the Condensed Consolidated Statement of Cash Flows in relation to own shares purchased for share schemes:

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Cash paid to purchase own shares	**(2.8)**	(0.1)
Cash received from distribution of shares under share scheme plans	**0.3**	0.1
Included in financing activities cash flows	**(2.5)**	-

18. Acquisition of subsidiary

On 17 May 2024, the Group completed the acquisition of 100% of the issued share capital of Moorish Limited ("Moorish") for a total cash consideration of £1.8 million.

The primary reason for the acquisition was to acquire the brand under which Moorish sell a variety of hummus products.

The provisional amounts recognised in respect of the fair value of the identifiable assets and liabilities assumed on acquisition are as set out in the table below:

£m	**17 May 2024**
Other intangible assets	**1.9**
Trade and other receivables	**0.2**
Trade and other payables	**(0.3)**
Net assets acquired	**1.8**
Goodwill	**-**
Total cash outflow on acquisition	**1.8**

18. Acquisition of subsidiary (continued)

The net cash outflow arising on acquisition was:

£m	**17 May 2024**
Cash consideration for share capital	**1.8**
Cash and cash equivalents acquired on acquisition	**-**
Cash outflow on acquisition of business	**1.8**

Acquisition-related costs of £0.1m were incurred and are included in Other administrative costs in the consolidated income statement.

The results of Moorish have been consolidated in the Group's consolidated income statement from 17 May 2024 and contributed £0.2m of revenue and a profit of £nil to the Group's profit for the period. If the acquisition of Moorish had been completed on the first day of the financial year, Group revenues for the period would have been £1,122.0m and Group profit would have been £35.2m.

All of the intangible assets acquired relate to the brand. There are no contingent liabilities to be disclosed in relation to this acquisition

19. Disposal of subsidiary

The Group sold its 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024. The Group recognised a net gain on disposal of £3.6m (net of tax) and received a net consideration of £6.0m (net of tax).

20. Notes to the Condensed Consolidated Statement of Cash Flows

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Operating profit	**58.8**	46.3
Adjustments for:		

Depreciation of property, plant and equipment	**33.4**	33.3
Amortisation of intangible assets	**1.6**	1.1
(Profit) on disposal of property, plant and equipment	**-**	(1.4)
Impairment of property, plant and equipment	**0.6**	-
(Profit) on disposal of subsidiary	**(3.9)**	-
(Profit) on disposal of associate	**-**	(1.4)
Other exceptional items	**(0.5)**	-
Share scheme charges	**0.1**	1.0
Net retirement benefits charge less contributions	**(1.1)**	(1.0)
Operating cash flows before movements in working capital	**89.0**	77.9
(Increase)/decrease in inventories	**(3.4)**	6.8
(Increase) in receivables	**(26.6)**	(1.3)
Increase in payables	**32.2**	9.5
Increase in provisions	**1.3**	-
(Decrease) in exceptional provisions	**(2.2)**	(10.6)
Cash generated by operations	**90.3**	82.3
Income taxes paid	**(7.2)**	(6.3)
Interest paid	**(12.4)**	(12.7)
Net cash generated from operating activities	**70.7**	63.3

21. Contingent liabilities

The Group may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Group regularly reviews all of these claims to determine any possible financial loss to the Group. No provision was considered necessary in the Condensed Consolidated Interim Financial Statements.

22. Events after the Statement of Financial Position date

Refinancing: On 25 July 2024, the Group completed a refinancing of its core debt facilities, with an aggregate loan amount of £350m, comprising a £150m term loan and a £200m revolving credit facility. These new facilities have a four year tenure and will mature in July 2028, with the option of two one-year extensions.

Defined benefit pension scheme: In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. Following a hearing in late June 2024, the UK Court of Appeal issued a judgment on 25 July 2024 upholding this ruling. The Company will work with the pension scheme trustees to review this development and consider the implications, if any, for the UK defined benefit pension fund and the Group's financial statements.

Site closure: As we seek to further enhance our returns, we have identified that our Bakkavor Meals Wigan site is unsustainable with low margin business in a factory that requires significant investment. This has resulted in the difficult but necessary decision to announce the proposal to close this site, with consultation due to commence at the end of September 2024. Following this consultation, should this proposal go ahead, we would expect to exit c. £80m of business in H1 25.

Change in Executive Directors: As disclosed today, Ben Waldron will be stepping down from his role as Chief Financial Officer, Asia CEO and Executive Director of the Group with effect from 31 October 2024. From 1 November 2024, Lee Miley will assume the role of Chief Financial Officer and Executive Director.

23. Alternative performance measures

The Group uses various non-IFRS financial measures to evaluate growth trends, assess operational performance and monitor cash performance. The Directors consider that these measures enable investors to understand the ongoing operations of the business. They are used by management to monitor financial performance as it is considered to aid comparability of the financial performance of the Group from year to year.

Like-for-like ("LFL") revenue

The Group defines LFL revenue as revenue from continuing operations adjusted for the revenue generated from businesses closed, sold or acquired in the current and prior year, and the effect of foreign currency movements and revenues.

The following table provides the information used to calculate LFL revenue for the Group and for each segment:

GROUP

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	Change %
Statutory revenue	**1,121.2**	1,090.4	2.8%
Effect of currency movements	**5.8**	-	
Revenue from sold business	**(2.8)**	(7.5)	
Like-for-like revenue	**1,124.2**	1,082.9	3.8%

UK

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023	Change %
Statutory and like-for-like revenue	**957.4**	913.7	4.8%

US

£m	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	Change %
Statutory revenue	**109.4**	117.6	(7.0)%
Effect of currency movements	**2.6**	-	
Like-for-like revenue	**112.0**	117.6	(4.7)%

China

£m	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023	Change %
Statutory revenue	**54.4**	59.1	(8.0)%
Effect of currency movements	**3.2**	-	
Revenue from sold business	**(2.8)**	(7.5)	
Like-for-like revenue	**54.8**	51.6	6.3%

23. Alternative performance measures (continued)

Adjusted EBITDA and Adjusted operating profit

The Group manages the performance of its businesses through the use of 'adjusted EBITDA' and 'adjusted operating profit', as these measures exclude the impact of items that hinder comparison of profitability year-on-year. In calculating adjusted operating profit, we exclude restructuring costs, asset impairments and those additional charges or credits that are considered significant or one-off in nature. In addition, for adjusted EBITDA we exclude depreciation, amortisation and share scheme charges, as these are non-cash amounts. Adjusted operating profit margin is used as an additional profit measure that assesses profitability relative to the revenues generated by the relevant segment. It is calculated by dividing the adjusted operating profit by the statutory revenue for the relevant segment.

The Group calculates adjusted EBITDA on a pre-IFRS 16 basis for the purposes of determining covenants under its financing agreements.

The following table provides a reconciliation from the Group's operating profit to adjusted operating profit and adjusted EBITDA.

£m	26 weeks ended 29 June 2024	26 weeks ended 1 July 2023
Operating profit	**58.8**	46.3
Exceptional items (Note 4)	**(3.8)**	(2.9)
Adjusted operating profit	**55.0**	43.4
Depreciation	**33.4**	33.3
Amortisation	**1.6**	1.1
Share scheme charges	**1.9**	1.0
Loss on disposal of property, plant and equipment	**-**	0.1
Adjusted EBITDA	**91.9**	78.9
Less IFRS 16 impact	**(7.1)**	(6.9)
Adjusted EBITDA pre IFRS 16[1]	**84.8**	72.0

[1] Excludes the impact of IFRS 16 as the Group's bank facility agreement definition of Adjusted EBITDA excludes the impact of this standard.

23. Alternative performance measures (continued)

Operational net debt and leverage

Operational net debt excludes the impact of non-cash items on the Group's net debt. The Directors use this measure, as it reflects actual net borrowings at the relevant reporting date and is most comparable with the Group's free cash flow and aligns with the definition of net debt in the Group's bank facility agreements which exclude the impact of IFRS 16. The following table provides a reconciliation from the Group's net debt to the Group's operational net debt:

£m	29 June 2024	30 December 2023
Group net debt	**(288.4)**	(319.3)
Unamortised fees	**(0.2)**	(1.1)
Interest accrual	**0.5**	0.5
Lease liabilities recognised under IFRS 16	**86.3**	90.3
Group operational net debt	**(201.8)**	(229.6)
Adjusted EBITDA (last 12 months pre IFRS 16 and including covenant adjustments)	**166.5**	154.5
Leverage (Operational net debt/Adjusted EBITDA pre IFRS 16 and including covenant adjustments)	**1.2**	1.5

covenant adjustments)

Free cash flow

The Group defines free cash flow as the amount of cash generated by the Group after meeting all of its obligations for interest, tax and pensions, and after purchases of property, plant and equipment (excluding development projects) and intangible assets but before payments of refinancing fees and other exceptional or significant non-recurring cash flows. The definition of free cash flow was amended during 2023 to be after IFRS 16 capital lease payments to simplify our cash reporting. Free cash flow has benefitted from non-recourse factoring of receivables as set out in Note 13 and the extension of payment terms for certain suppliers as described in Note 14. The Directors view free cash flow as a key liquidity measure, and the purpose of presenting free cash flow is to indicate the underlying cash available to pay dividends, repay debt or make further investments in the Group. The following table provides a reconciliation from net cash generated from operating activities to free cash flow:

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Net cash generated from operating activities	**70.7**	63.3
Interest received	**0.2**	0.3
Dividends received from associates	**-**	0.2
Purchases of property, plant and equipment	**(13.2)**	(22.0)
Proceeds on disposal of property, plant and equipment	**-**	0.1
Purchase of intangible assets	**(1.4)**	(0.9)
Impact of IFRS 16	**(5.6)**	(6.4)
Cash impact of exceptional items	**2.5**	10.6
Free cash flow	**53.2**	45.2

23. Alternative performance measures (continued)

Adjusted earnings per share

The Group calculates Adjusted basic earnings per share by dividing Adjusted earnings by the weighted average number of Ordinary shares in issue during the period. The Group calculates Adjusted diluted earnings per share by dividing Adjusted earnings by the weighted average number of Ordinary shares (including dilutive shares) for diluted earnings per share. Adjusted earnings is calculated as profit for the period adjusted to exclude exceptional items and the change in value of derivative financial instruments. The Directors use this measure as it tracks the underlying profitability of the Group and enables comparison with the Group's peer companies. The following table reconciles profit for the period to Adjusted earnings:

£m	**26 weeks ended 29 June 2024**	26 weeks ended 1 July 2023
Profit for the period	**35.2**	25.1
Exceptional items (Note 4)	**(3.2)**	(2.9)
Change in fair value of derivative financial instruments	**-**	-
Tax on the above items	**-**	-
Adjusted earnings	**32.0**	22.2
Add back: Tax on adjusted profit before tax	**10.0**	7.5
Adjusted profit before tax	**42.0**	29.7
Effective tax rate on underlying activities (Tax on Adjusted profit before tax/Adjusted profit before tax)	**24.0%**	25.1%

Number 000's		
Weighted average number of Ordinary shares	**577,790**	576,501
Effect of dilutive Ordinary shares	**8,423**	9,355
Weighted average number of Ordinary shares for diluted earnings per share	**586,213**	585,856

Adjusted basic earnings per share	**5.5p**	3.9p
Adjusted diluted earnings per share	**5.5p**	3.8p

23. Alternative performance measures (continued)

Return on Invested Capital ("ROIC")

The Group defines ROIC as Adjusted operating profit after tax divided by the average invested capital for the year. Adjusted operating profit after tax is defined as operating profit excluding the impact of exceptional items less tax at the Group's effective tax rate. Invested capital is defined as total assets less total liabilities excluding; net debt, pension assets and liabilities (net of deferred tax), and fair values for derivatives not designated in a hedging relationship, at the period end. The Group utilises ROIC to measure how effectively it uses its invested capital. Average invested capital is the simple average of invested capital at the beginning of the period and the end of the period.

The Directors believe that ROIC is a useful indicator of the amount returned as a percentage of shareholders' invested capital. The Directors believe that ROIC can help analysts, investors and stakeholders to evaluate the Group's profitability and the efficiency with which its invested capital is employed.

The following table sets out the calculations of Adjusted operating profit after tax and invested capital used in the calculation of ROIC:

£m	52 weeks ended 29 June 2024	52 weeks ended 30 December 2023
Operating profit	**109.6**	97.1
Exceptional items	**(3.7)**	(2.8)
Adjusted operating profit	**105.9**	94.3
Taxation at the underlying effective rate	**(25.2)**	(23.0)
Adjusted operating profit after tax	**80.7**	71.3
Invested capital		
Total assets	**1,503.8**	1,480.3
Total liabilities	**(884.6)**	(872.7)
Net debt at period end	**288.4**	319.3
Retirement benefit scheme surplus	**(18.7)**	(12.0)
Deferred tax liability on retirement benefit scheme	**4.7**	3.0
Invested capital	**893.6**	917.9
Average invested capital for ROIC calculation	**925.5**	952.7
ROIC (%)	**8.7%**	7.5%

Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge, the Condensed Consolidated Interim Financial Statements has been prepared in accordance with IAS 34: 'Interim Financial Reporting', with ASB's 2007 Statement Half-Yearly Reports, as contained in the UK adopted International Accounting Standard 34, 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rules ("DTR") 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Consolidated Interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the last annual report.

The Board of Directors that served during the 26 weeks ended 29 June 2024, and their respective responsibilities, can be found on pages 88 to 91 of the Annual Report & Accounts 2023. A list of current directors is maintained on the Bakkavor Group plc website at: https://www.bakkavor.com/en/about-us/leadership/group-board/default.aspx

Approved on behalf of the Group Board by:

Mike Edwards
Chief Executive Officer

Ben Waldron
Chief Financial Officer and Asia Chief Executive Officer

4 September 2024

Independent review report to Bakkavor Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Bakkavor Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Condensed Consolidated Interim Financial Statements of Bakkavor Group plc for the 26 week period ended 29 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 29 June 2024;
- the Condensed Consolidated Income Statement and the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Condensed Consolidated Interim Financial Statements of Bakkavor Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Condensed Consolidated Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Condensed Consolidated Interim Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Condensed Consolidated Interim Financial Statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Condensed Consolidated Interim Financial Statements, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Condensed Consolidated Interim Financial Statements based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
4 September 2024

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