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Bakkavor Group PLC
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Bakkavor Group plc
Strong 2024 results ahead of expectations, with clear strategy to underpin further progress

Bakkavor Group plc ("Bakkavor" or "the Group"), the leading international provider of fresh prepared food ("FPF"), today announces its audited results for the 52-week period ended 28 December 2024 ("FY24").

FINANCIAL HIGHLIGHTS

£m (unless otherwise stated)	**FY24**	**FY23**	***Change***
Reported revenue	2,292.7	2,203.8	4.0%
Like-for-like ("LFL") revenue[1]	2,300.9	2,188.5	5.1%
Adjusted operating profit[1]	113.6	94.3	20.5%
Adjusted operating profit margin[1]	5.0%	4.3%	70bps
Operating profit	93.4	97.1	(3.7)
Adjusted earnings per share[1]	12.3p	8.8p	3.5p
Basic earnings per share	9.6p	9.4p	0.2p
Free cash flow[1]	88.7	103.2	(14.5)
Operational net debt[1]	193.8	229.6	(35.8)
Leverage[1]	1.1x	1.5x	(0.4x)
ROIC[1]	10.1%	7.5%	260bps
Total dividend per share	8.00p	7.28p	10.0%

Significant increase in profitability, balance sheet strengthened and returns enhanced
- LFL revenue up 5.1% driven by volume growth in all regions and price
- Adjusted operating profit of £113.6m with margin of 5.0%, up 20.5% and 70bps respectively, and ahead of the upper end of market expectations[2]
- Operating profit of £93.4m includes £20.2m of exceptional items primarily related to a UK site closure
- Net debt down £35.8m and leverage down 0.4x to 1.1x, at the lower end of our target range
- ROIC improved 260bps to 10.1%, driven by improved profitability
- Total dividend per share of 8.00p, with increase reflecting strong performance and confident outlook

Excellent strategic progress driving margin improvement
- UK: Volume growth ahead of the market and ongoing efficiencies drove margin progression
- INTERNATIONAL: Reshaped US business with improved operational performance and return to growth driving step up in profit and margin. China losses halved as simplification and lean manufacturing initiatives delivered, and sale of Hong Kong business on track to complete in April 2025
- EXCELLENCE: Bakkavor Operating System fuelled strong efficiency in all regions
- TRUST: Progression in three of our four non-financial KPIs and on track to meet medium-term targets

Further margin improvement expected in FY25, continuing our trajectory to our target of 6% in FY27

- Trading in early 2025 has started in line with expectations
- Revenue expected to be broadly in line with FY24, due to the impact of the Wigan closure largely offset by underlying growth in all three regions
- FY25 adjusted operating profit is expected to be in line with market expectations[3] as we continue to deliver on the four pillars of our strategy
- We remain confident of delivering our 6% adjusted operating profit margin in FY27

Mike Edwards, CEO, commented:

"The Group delivered another strong performance in 2024, as we continued to execute our strategic plans. We saw volume growth in all regions as we have continued to focus on delivering excellent service, quality and innovation for our customers. Our ongoing efficiency focus drove margin improvement and we have further strengthened our balance sheet which has allowed us to continue to invest in both our business and our people.

This exceptional performance is testament to the commitment, energy and drive of everyone at Bakkavor, and I would like to thank them for their huge contribution.

The momentum we have created and our clear strategy underpins our confidence in delivering further margin improvement in FY25 as we continue on our trajectory to our 6% target."

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 12.
2. Based on company compiled consensus ("Consensus") which includes all covering analysts except for Goodbody. Adjusted operating profit Consensus for FY24 at £111.2m, with a range of £110.1m to £111.7m. Last updated on 28 February 2025

3. Based on company compiled consensus ("Consensus") which includes all covering analysts. Adjusted operating profit Consensus for FY25 at £118.6m with a range of £114.0m to £123.1m. Last updated on 28 February 2025.

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 4 March 2025 through the Investor section of the Group's website at: https://brrmedia.news/BAKK_FY24. The presentation can also be accessed via a replay service 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 c.3,500 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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CHIEF EXECUTIVE'S OVERVIEW Strengthening financial performance as the Group continues to deliver excellent progress against its strategy, and we remain focused on our 6% margin target

Reported revenue increased 4.0% to £2,292.7m and adjusted operating profit increased 20.5% to £113.6m, ahead of the upper end of market expectations[2]. Adjusted operating margin also improved, up 70 basis points to 5.0%, as we have started to build back margin through our internal efficiency drive.

On a reported basis, operating profit was £93.4m, down £3.7m on last year, due to the impact of exceptional costs associated with the closure of one of our UK sites and impairment of our Hong Kong business held-for-sale, partially offset by proceeds from the disposal of the China bakery business.

Our continued financial discipline and strong cash generation strengthened the balance sheet further, with a £35.8m reduction in debt year-on-year and an improvement in leverage by 0.4 times to 1.1 times, which is at the lower end of our target range (1.0 to 2.0 times).

Our profit improvement has driven a meaningful improvement in ROIC, up 260 basis points to 10.1%.

This performance is testament to the team's ongoing commitment, energy and drive. I would like to thank everyone at Bakkavor for their huge contribution to the significant progress made as we continue to deliver against our strategy.

Excellent progress across all four pillars of our strategy
The four pillars of our strategy remain clear:

1. **UK:** Drive returns by leveraging scale and market leadership.
2. **INTERNATIONAL:** Drive sustainable growth and Group accretive margin.
3. **EXCELLENCE:** Improve performance through operational excellence.
4. **TRUST:** Be a positive force and a trusted partner for all our stakeholders.

We are delivering on this strategy through our well-embedded plan; a lean and efficient organisational structure; clear and focused regional priorities; and a well-defined capital allocation policy. This has driven a strong performance during the year and underpins our confidence in delivering on our medium-term adjusted operating profit margin target of 6% (in FY27).

1. UK: Strong performance and margin progression, driven by volume growth and efficiency focus
Our UK business delivered a strong performance, with like-for-like revenue up 5.2% which, combined with our ongoing efficiency focus, drove a 30 basis point adjusted operating margin improvement.

Improving consumer confidence drove good growth in the overall fresh prepared food ("FPF") market, with volume up 2.6% and almost back to pre-pandemic levels, and well ahead of the wider grocery market (up 0.2%). Shoppers are making more frequent trips to the supermarket which has supported growing demand for our fresh, convenient and high-quality meal solutions. Value remains important for consumers, supported through higher levels of promotional activity, and demand for more premium meal solutions continued as shoppers looked to eat at home instead of dining out.

At a FPF category level, salads recovered strongly as cost-of-living pressures eased, driving overall FPF growth. Meals grew steadily and only just behind the FPF market. Whilst lagging the wider FPF market, pizza and bread normalised following strong demand through FY23. Desserts continued to recover, however prices have remained elevated due to inflation, notably in dairy, which resulted in growth behind the overall market, despite a return to volume growth in Q4.

In terms of our own performance, we outperformed the market, with volumes up 2.8% (FPF volumes +2.6%), and cemented our leading position in all four FPF categories. Price contributed to revenue growth (up 2.4%) as we secured a good level of support from our customers on inflation recovery.

Our innovative new propositions have performed strongly. We onboarded new business wins and maintained excellent service levels, despite industrial action at one UK site in Q4 (this dispute ended on 3 March 2025). Our performance in desserts highlights our strength across these areas. We onboarded a range of over 35 desserts for a key customer while continuing to deliver market-leading service across our broader customer base and our new products have won multiple awards.

The Bakkavor Operating System has been fundamental in driving our ongoing efficiency improvements and margin progression, along with initiatives to support our sustainability targets.

As part of our focus on margin, we have taken the difficult decision to close our loss-making Wigan site, and the closure completed at the end of February 2025. We will exit a large proportion of the c.£80m of sales, with the balance to be transferred to other sites. Cash closure costs of £8.5m have been recognised as an exceptional item in FY24, along with £12.9m of asset impairments. We have supported our colleagues in securing alternative employment opportunities wherever possible.

We expect to continue to drive underlying growth in the UK and our ongoing focus on operational excellence through the Bakkavor Operating System will enable further margin improvement.

2. INTERNATIONAL:
US recovery complete, now focused on leveraging stability to optimise business performance
The first half saw the business sustaining the much-improved operational performance that built through 2023 with our recovery phase now complete.

Therefore, in the second half, our focus returned to delivering on our strategic priority for the region: to rebuild our growth pipeline and optimise our US business to deliver sustainable profitable growth.

As a result, H2 delivered a return to growth, up 9.1% year-on-year, resulting in full-year like-for-like revenue growth of 2.0%. This was driven by underlying growth with our strategic customers and new product launches, including ranges under our new 'Fresh & Simple' brand, whilst also benefitting from a weaker prior year comparative.

Profit continued to step on in the second half with our focus on driving operational efficiencies key to this, and we have now embedded the basics of our Bakkavor Operating System. Safety, quality and service KPIs also continued to show best-in-class delivery, including through our important Thanksgiving peak.

As we continue to drive profitable growth in a measured way in 2025 and beyond in this attractive market, margin is expected to recover further and be accretive to the Group, therefore supporting the delivery of the Group's 6% margin target.

China losses halved as simplification and lean initiatives deliver
LFL revenue growth of 13.8% in mainland China was ahead of the market (c.10%), with strong growth in retail customers, now comprising 23% of sales, and the addition of a new local quick service restaurant customer. Lean manufacturing initiatives are driving efficiencies at all sites and have supported a positive EBIT delivery in mainland China in the year.

We have continued to make progress in simplifying our operations in China. We disposed of our bakery business in April 2024 and, agreed the sale of our Hong Kong operations in December 2024, which is anticipated to complete in April 2025. This brings proceeds from disposals in the region to c.£13m in the last two years.

This means our remaining business will be wholly based in mainland China. It is well-invested with significant headroom for growth, and cash generative. As previously highlighted, we continue to review our strategic options in the region.

3. EXCELLENCE: Bakkavor Operating System fuelling strong efficiency improvements
The Bakkavor Operating System has been fundamental in delivering another strong year of efficiencies. All three regions made good progress, underpinned by our increasingly standardised ways of working and return enhancing investments informed by insights from our smart manufacturing system. Combined with the annualisation of our restructuring plan cost savings, this has made a significant positive impact across the business.

In the UK, we commenced the roll-out of our Operational Excellence Academy and delivered training to over 500 operational colleagues, and effectively managed peak volume during seasonal events by being agile in our approach to capacity across multiple sites. Labour has been a key area of focus, with activity around line balancing, managing changeovers and line automation. For example, in Newark, automation of sponge depositing has resulted in efficiency improvements and waste reduction, and our automated craft bread production line at our site in Crewe, which was installed last year, has reduced the cost to manufacture. We also completed the first stage of our houmous investment at our London site in September 2024, with efficiencies coming through from an automated filling process and building capability to remove lids, and therefore reduce plastic packaging.

Our expertise has also been leveraged internationally, with our ways of working now well-embedded in the US. We have started to unlock further efficiency improvements in Texas following the implementation of our smart manufacturing system at this site in the summer. As this rolls out across our other sites we expect to not only drive efficiency, but to unlock additional capacity. In addition, our lean initiative has now been successfully rolled out at all our mainland China sites, supporting continued efficiency improvements.

Our approach to excellence also encompasses our supply chain, and once again we have demonstrated our resilience and agility in this area. Whilst significantly reduced compared to the levels experienced in the last two years, inflation was still meaningful at £59m in 2024, and adverse weather and geo-political events have continued to cause disruption. Our experience in recent years has meant that, despite this, we have continued to deliver excellent service for our customers.

Looking ahead, we remain confident in delivering further efficiency improvements which will underpin our continued margin progression. In the UK, we have a strong pipeline of initiatives centred on driving labour and waste improvements. In the US, we will continue the roll-out of our smart manufacturing system to our remaining sites over the next two years, and in China we will maintain our focus on lean initiatives.

4. TRUST: Continued progress in non-financial KPIs
The ongoing integration of ESG priorities across our business is driving increased ownership and oversight. This has supported the improvement seen in three of our four non-financial KPIs, alongside our strengthening financial performance.UK food waste reduced by 60bps to 6.0%, as our sites continue to address the root causes of waste and maximise surplus redistribution channels. Our target is to halve UK food waste by 2030 from a 2017 baseline

and maximise surplus redistribution channels. Our target is to halve UK food waste by 2030 from a 2017 baseline (9.2%), and we remain on track to deliver on this, with a 320bps reduction to date.

Group net carbon emissions were up 2.9% year-on-year, driven primarily by a refrigeration leak at one of our US sites. The UK comprises over 50% of the Group's carbon footprint which delivered a small net reduction of 0.1% following consecutive years of strong reductions. Despite the uptick overall, we have ongoing investment plans in refrigeration upgrades and energy efficiency improvements, such as heat recovery, which will deliver improvements in the coming years. The China business reduced emissions by 6.9% driven by the sale of our bakery site.

Positively, we remain on track for our near-term target of reducing operational emissions by 42% by 2030, with operational emissions reduced by 20.9% and scope 3 emissions by 15.9% against our 2021 base. We remain committed to reaching net zero in our Group operations by 2040 and across the full value chain by 2050, and the Science Based Targets initiative ("SBTi") validated our targets in 2024.

Our people are central to our business and we have continued to invest in pay, wider benefits, including our staff shops, and engagement initiatives. UK employee turnover is down significantly, by 730bps to 18.9%, and we have also seen a marked improvement in the US down 2,630bps to 27.6%.

Rates of pay for UK weekly paid colleagues have increased significantly, up 22.6% over the last three years compared to a 21.0% increase in CPI over the same period. Despite this, disappointingly we faced industrial action at our Spalding site through Q4 2024 (this dispute ended on 3 March 2025), but disruption to customers was limited.

The results of our Group-wide Employee Engagement Survey also highlight the positive progress we have made, with the engagement score up 330 basis points to 75.1%, reflecting improvement in all three regions.

Looking ahead, we will continue to place Trust at the centre of everything we do, ensuring our strategy is well-embedded across the business in order to achieve our ambitions on carbon emissions and food waste, whilst maintaining an engaged and safe workforce.

OUTLOOK: Strong foundations to deliver 6% margin target in FY27

Trading in early 2025 has started well. As expected, volume growth has continued in all three regions and we remain focused on driving margin improvement. Consumer confidence has improved somewhat, but remains subdued in the UK. We are not wholly reliant on volume to deliver an improvement through the remainder of the year, with revenue expected to be broadly in line with 2024. We expect to deliver an improvement in 2025 adjusted operating profit in line with market expectations[3] as we continue to deliver on the four pillars of our strategy.

In the UK, we expect sales to be slightly down due to the exit of lower margin business at Wigan offset by underlying growth, with cost savings and efficiencies expected to support margin improvement. The performance momentum combined with strategic actions taken in recent years means our business is now in good shape and we remain focused on delivering on our Group 6% margin target in FY27.

Our now stabilised platform in the US will allow us to drive sustainable mid-single-digit growth and margin improvement with our focus centred on our strategic categories of fresh meals, burritos and bread. Our recent focus on improving operational efficiency across our sites has provided us with further confidence that we can accommodate c. 500m of sales, meaning we have ample headroom for growth in the medium term.

In China, with the sale of our Hong Kong business anticipated to complete in April 2025, we continue to review our strategic options for the remaining mainland China business which is expected to deliver steady growth and a low level of profitability, with the business remaining cash generative and self-sustaining.

Inflation is expected to remain broadly in line with FY24 (c.£50m) and heavily weighted to labour given the increases in National Insurance (c.£15m annualised impact) and the National Living Wage. We are positively engaged with customers on price recovery and as in previous years expect to secure a good level of support, which, along with our continued focus on cost and efficiency will mitigate the impact of inflation.

With debt and leverage at the lower end of our target range, the Group is well-positioned to make return- enhancing investments to drive efficiency. Recognising the importance of the dividend to our shareholders, we expect to continue to deliver a progressive policy. We also maintain the flexibility to assess acquisition opportunities where we see strategic fit and the potential to enhance Group margins and returns.

Looking further ahead, we expect to deliver further progress across our four strategic pillars, supported by the benefit from the above-mentioned actions. This will drive an improvement to margin in FY25 and beyond as part of our trajectory to achieve our 6% margin target in FY27.

FINANCIAL REVIEW: Strong financial performance in 2024 and we remain confident in delivering on our medium-term margin target.

Group trading performance

£m (unless otherwise stated)	**FY24**	FY23	*Change*
Reported revenue	**2,292.7**	2,203.8	*4.0%*
Like-for-like revenue[1]	**2,300.9**	2,188.5	*5.1%*
Adjusted operating profit[1]	**113.6**	94.3	*20.5%*
Adjusted operating margin[1]	**5.0%**	4.3%	*70bps*
Operating profit	**93.4**	97.1	*(3.7)*
Operating margin	**4.1%**	4.4%	*(30bps)*

Reported revenue increased by 4.0% to £2,292.7m (FY23: £2,203.8m). LFL revenue grew by 5.1% to £2,300.9m (FY23: £2,188.5m). Of this 3.0% was volume, as UK demand returned and internationally we delivered good growth. As inflation has moderated, the contribution from price has reduced year-on-year (+2.1% in FY24). LFL revenue growth adjusts for the impact of the disposal of the bakery business in China and the impact of currency movements.

Adjusted operating profit increased by £19.3m to £113.6m (FY23: £94.3m), with volume growth and our focus on efficiency improvements driving a 70 basis point improvement to adjusted operating profit margin of 5.0% (FY23: 4.3%).

Operating profit of £93.4m was down £3.7m (FY23: £97.1m) and margin of 4.1% was down 30 basis points (FY23: 4.4%). This is due to the impact of £20.2m of net exceptional costs (FY23: £2.8m net income), excluded from adjusted operating profit, which primarily relate to the costs of closure of our UK Wigan site and impairment of our Hong Kong business held-for-sale, partially offset by proceeds from the China Bakery disposal.

UK trading performance

£m (unless otherwise stated)	**FY24**	FY23	*Change*
Reported revenue	**1,948.5**	1,852.7	*5.2%*
Like-for-like revenue[1]	**1,948.5**	1,852.7	*5.2%*
Adjusted operating profit[1]	**105.2**	93.9	*12.0%*
Adjusted operating margin[1]	**5.4%**	5.1%	*30bps*
Operating profit	**83.7**	96.7	*(13.0)*
Operating margin	**4.3%**	5.2%	*(90bps)*

LFL and reported revenue increased by 5.2% to £1,948.5m (FY23: £1,852.7m). Volume growth was strong, up 2.8%, and ahead of the FPF market (up 2.6%), as we delivered new innovative products, net business wins and excellent customer service. Price contributed 2.4% of LFL revenue growth, and reflects the good level of support we have received from our customers, with inflation now at a more normal level.

Adjusted operating profit increased by 12.0% to £105.2m (FY23: £93.9m), with margin up 30 basis points to 5.4% (FY23: 5.1%), underpinned by our efficiency initiatives.

Operating profit of £83.7m (FY23: £96.7m) is after £21.5m of net exceptional costs (FY23: £2.8m net income).

US trading performance

£m (unless otherwise stated)	**FY24**	FY23	*Change*
Reported revenue	**227.7**	229.4	*(0.7%)*
Like-for-like revenue[1]	**234.0**	229.4	*2.0%*
Adjusted operating profit[1]	**9.9**	3.4	*191.2%*
Adjusted operating margin[1]	**4.3%**	1.5%	*280bps*
Operating profit	**9.3**	0.5	*8.8*
Operating margin	**4.1%**	0.2%	*390bps*

LFL revenue increased by 2.0% to £234.0m (FY23: £229.4m), all driven by volume. In line with our plan, H2 returned to growth, up 9.1%, driven by good underlying growth with strategic customers and new product launches. Due to the impact of currency, reported revenue was down 0.7% to £227.7m (FY23: £229.4m).

Adjusted operating profit increased by 191.2% or £6.5m to £9.9m (FY23: £3.4m) and adjusted operating profit margin was up 280 basis points to 4.3% (FY23: 1.5%), underpinned by our focus on driving operational efficiencies.

Operating profit of £9.3m (FY23: £0.5m) is net of £0.6m of exceptional costs (FY23: £2.9m).

China trading performance

£m (unless otherwise stated)	**FY24**	FY23	*Change*
Reported revenue	**116.5**	121.7	*(4.3%)*
Like-for-like revenue[1]	**118.4**	106.4	*11.3%*
Adjusted operating loss[1]	**(1.5)**	(3.0)	*50.0%*
Adjusted operating margin[1]	**(1.3%)**	(2.5%)	*120bps*
Operating profit/(loss)	**0.4**	(0.1)	*0.5*
Operating margin	**0.3%**	(0.1%)	*400bps*

LFL revenue was up 11.3% to £118.4m (FY23: £106.4m), driven by volume in retail and adding new foodservice customers. Reported revenue was down 4.3% to £116.5m (FY23: £121.7m), which includes the bakery business up to its disposal at the end of March 2024 and the impact of currency movements.

Adjusted operating loss of £1.5m improved by 50% (FY23: £3.0m), with momentum building through the year as our lean manufacturing initiatives have delivered efficiencies, partially offset by challenges in the Hong Kong market.

Operating profit of £0.4m (FY23: £0.1m loss) includes £1.9m of net exceptional income (FY23: £2.9m), reflecting proceeds from the bakery disposal partially offset by impairment of assets in Hong Kong with the business held-for-sale at December 2024. The sale is anticipated to complete in April 2025.

Exceptional items

Exceptional items excluded from adjusted operating profit comprise:

£m	FY24	FY23
China: net profit on disposal	**1.9**	2.9
UK: restructuring and site closures	**(20.8)**	2.8
UK: ERP transformation costs	**(0.7)**	-
US: impairments	**(0.6)**	(2.9)
Total exceptional items included in operating profit	**(20.2)**	2.8
Exceptional finance costs	**(0.6)**	-
Total exceptional items (before tax)	**(20.8)**	2.8
Tax on exceptional items	**5.4**	-
Total exceptional items (after tax)	**(15.4)**	2.8

In 2024, the Group incurred a net exceptional charge of £20.8m (before tax). The net profit on disposal or impairment arising from our China operations of £1.9m includes: £4.0m profit on disposal from the 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024, £3.2m of costs resulting from our Hong Kong site being held for sale, and a further £1.1m of net profit arising from the sale of our Hong Kong associate in 2023 (FY23: £1.4m net profit).

Of the UK restructuring and site closure charge of £20.8m, £8.5m relates to the cash costs of closure of our UK Wigan site (by the end of Q1 2025), with the majority of the cash cost to be incurred in 2025. There is a non-cash impairment charge of £12.9m which relates primarily to the fixed assets at the site due to close.

In 2024, the Group commenced a multi-year project to replace the UK's legacy ERP system, with £3.7m of spend in the year, of which £0.7m was expensed and £3.0m capitalised. The total project costs remain at c.£40m, with the balance to be incurred over the next three years.

There is a small £0.6m impairment charge relating to US equipment that was partially written down in 2023 that is no longer in use (FY23: £3.5m).

An additional £0.6m charge is excluded from adjusted profit before tax, relating to accelerated amortisation of fees following the Group's refinancing of its core debt facilities in July 2024 (see Note 3).

Finance costs
Group profit before tax of £68.6m (FY23: £70.3m) is after finance costs (net) of £26.5m (FY23: £26.8m), which includes £0.6m of exceptional fees associated with the refinancing (as outlined above). Removing the impact of this, finance costs reduced by £0.9m on last year, driven by lower average debt levels, management of customer financing drawdowns and the lower base interest rate from August 2024. The Group's fixed interest rate swaps totalling £150m at an average rate of 0.37% expired at the end of March 2024 and were replaced by swaps totalling £130m at an average rate of 3.73%, which will remain in place until March 2026. For FY25, we expect finance costs to reduce slightly as we maintain lower debt levels and expect UK base rates to decrease marginally.

Tax
The Group tax charge for FY24 was £12.9m (FY23: £16.4m), representing an effective tax rate of 18.8% (FY23: 23.4%). Excluding the impact of net exceptional costs (including financing costs) of £20.8m, the effective tax rate was 20.5% (FY23: 24.4%). This is 4.5% lower than the UK corporation tax rate and mainly due to the benefit of additional losses brought forward following a review of the Group's taxable loss position and the release of uncertain tax positions where ambiguity on EU tax law has been resolved through a legal case. For FY25, we expect the effective tax rate to return to being marginally above the UK corporation tax rate at c.26%.

Earnings per share ("EPS")
Adjusted EPS increased by 3.5 pence to 12.3 pence (FY23: 8.8 pence), driven by the strong improvement in trading performance and decrease in finance and tax costs.

Basic EPS increased by 0.2 pence to 9.6 pence (FY23: 9.4 pence), as the improvement in trading performance was largely offset by exceptional costs, which are excluded from adjusted earnings per share.

Cash flow
Strong free cash generation of £88.7m (FY23: £103.2m) reflects an improvement in trading performance offset by an increase in capital expenditure, as it returned to more normal levels following a year of restricted spend in FY23, and consolidation of the strong improvement in working capital delivered last year with a further inflow in FY24.

£m	FY24	FY23
Operating profit	**93.4**	97.1
Exceptional items (before tax)	**20.2**	(2.8)
Adjusted operating profit	**113.6**	94.3
Depreciation, amortisation & other	**71.2**	73.8
Net working capital (excl. exceptional items)	**9.3**	28.4
Purchases of property, plant and equipment (net) & intangible assets	**(55.5)**	(43.8)
Net interest and tax paid	**(36.0)**	(35.4)
Net retirement benefits charge less contributions	**(1.9)**	(2.1)
IFRS 16 lease payments	**(12.0)**	(12.0)
Free cash flow	**88.7**	103.2

Debt and leverage
Continued strong cash generation has enabled a further £35.8m reduction in operational net debt to £193.8m (FY23: £229.6m). Leverage, the ratio of operational net debt to adjusted EBITDA, improved by 0.4 times to 1.1 times and is now at the lower end of the Group's target range of 1.0 to 2.0 times.

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 targets which no longer apply. Delivering on our sustainability targets, however, remains a key priority and these targets are already incorporated in the Group's bonus schemes. The Group's liquidity position

has remained strong, with liquidity headroom of c.£185m.

Investment and returns
FY24 capital spend of £55.5m was up £11.7m (FY23: £43.8m) compared to last year as we increased investment in a controlled manner following reduced spend in FY23. We have continued to see returns from our investment in productivity and capacity materialise, as evidenced in the strong efficiencies that have supported the step-up in profitability in the year. Our spend in the year included £3.0m related to the replacement of our legacy UK ERP system.

We expect to return to more normal levels of spend in FY25 of c.£70m. This includes c.£7m of capital spend in relation to the UK ERP replacement, with a further c.£8m to be expensed in FY25 and treated as an exceptional cost.

ROIC improved significantly, up 260 basis points to 10.1% (FY23: 7.5%), reflecting the Group's improved profitability and lower average invested capital, following two years of controlled capital spend, along with rationalising our UK footprint.

Our medium-term target to deliver adjusted operating profit margin of 6%, combined with our previous investments delivering an increase in returns, mean we expect to deliver further improvement in ROIC in the medium-term.

Dividend
During the period, the Group paid £25.3m in respect of the final dividend for FY23 and £18.5m for the FY24 interim dividend declared in September 2024.

The improved strength of the Group's financial position and continued good cash generation support our long-term growth aspirations and commitment to increasing returns to shareholders. In combination with the Group's strong trading performance, the Board has proposed a final FY24 dividend of 4.80 pence per Ordinary share. This results in a total FY24 dividend of 8.00 pence per Ordinary share, up 10% on last year. The final dividend record date will be 25 April 2025 and, subject to shareholder approval at the AGM on 22 May 2025, will be paid on 28 May 2025.

Going forward, the Board expects to maintain a progressive dividend policy and for the level of increase to be more closely aligned to historical levels at c.5% per annum.

Pensions
Under the IAS 19 valuation principles, as at 28 December 2024 the Group recognised a surplus of £18.8m for the UK defined benefit scheme (30 December 2023: £12.0m surplus). This increase is mainly due to an increase in discount rates over the year, primarily linked to bond yields, which has led to a decrease in the defined benefit obligation, partially offset by a small increase in market expectations for inflation.

The Group and the Trustees 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 per annum 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. As the scheme was in surplus at December 2024 and January 2025, final deficit contributions are expected to be £0.6m, paid over a recovery period ending on 31 March 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. Our allocation of capital is primarily split across capital investment, driving further debt reduction to decrease financing costs given base rates remain elevated, and maintaining a progressive dividend policy. With the strength of the Group's balance sheet, we are well-positioned to explore potential acquisition opportunities as we seek to stimulate non-organic growth.

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
There are a number of potential risks and uncertainties which could have a material impact on future Group performance and could cause actual results to differ materially from expected and historical results. The risks and uncertainties are described in detail in the 'Risk management and risks' section of the 2024 Annual Report and Accounts, available on 4 March 2025 on the company website.

Related parties
During the period, 20,060 was paid to LongRange Capital for advisory work in relation to the US business. Outside of this, Group companies did not enter into any transactions with related parties who are not members of the Group. Transactions with Directors and shareholders are set out in Note 34 in the Group's Consolidated Financial Statements for FY24.

CONSOLIDATED INCOME STATEMENT
52 WEEKS ENDED 28 DECEMBER 2024

		52 weeks ended 28 December 2024			52 weeks ended 30 December 2023		
		Underlying activities	**Exceptional items[1]**	**Total**	Underlying activities	Exceptional items[1]	Total
Continuing operations							
Revenue	2	**2,292.7**	**-**	**2,292.7**	2,203.8	-	2,203.8
Cost of sales		**(1,657.4)**	**-**	**(1,657.4)**	(1,614.4)	-	(1,614.4)
Gross profit		**635.3**	**-**	**635.3**	589.4	-	589.4
Distribution costs		**(87.1)**	**-**	**(87.1)**	(85.1)	-	(85.1)
Other administrative (costs)/income		**(434.6)**	**(20.2)**	**(454.8)**	(409.9)	1.3	(408.6)
(Loss)/profit on disposal of property, plant and equipment		**-**	**-**	**-**	(0.1)	1.5	1.4
Operating profit	2	**113.6**	**(20.2)**	**93.4**	94.3	2.8	97.1
Finance costs	4	**(26.4)**	**(0.6)**	**(27.0)**	(27.4)	-	(27.4)
Finance income	4	**0.5**	**-**	**0.5**	0.6	-	0.6
Other gains		**1.7**	**-**	**1.7**	-	-	-
Profit before tax		**89.4**	**(20.8)**	**68.6**	67.5	2.8	70.3

		52 weeks ended 28 December 2024			52 weeks ended 30 December 2023		
		Underlying activities	**Exceptional items[1]**	**Total**	Underlying activities	Exceptional items[1]	Total
Tax (charge)/credit	5	**(18.3)**	**5.4**	**(12.9)**	(16.4)	[illegible]	(16.1)
Profit for the period		**71.1**	**(15.4)**	**55.7**	51.1	2.8	53.9
Earnings per share							
Basic	6			**9.6p**			9.4p
Diluted	6			**9.5p**			9.2p

1 The Group presents its 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 3 and include material items that are non-recurring or significant in nature, and are important to users in understanding the business. This may include, but is not limited to, restructuring costs, impairment of assets, profits or losses on sale of operations and associated transaction costs, and transformation projects. In addition, the Group uses further Alternative Performance Measures which can be found in Note 12.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
52 WEEKS ENDED 28 DECEMBER 2024

£m	Note	**52 weeks ended 28 December 2024**	52 weeks ended 30 December 2023
Profit for the period		**55.7**	53.9
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pension schemes		**4.9**	(2.9)
Tax relating to components of other comprehensive income	5	**(1.2)**	0.7
		3.7	(2.2)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**0.9**	(11.7)
(Loss)/ gain on cash flow hedges		**(3.0)**	(4.4)
Hedging (gains) reclassified to profit or loss		**(2.8)**	(6.8)
Tax relating to components of other comprehensive income	5	**0.6**	2.8
		(4.3)	(20.1)
Total other comprehensive income/(expense) net of tax		**(0.6)**	(22.3)
Total comprehensive income		**55.1**	31.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 DECEMBER 2024

£m	Note	**28 December 2024**	30 December 2023
Non-current assets			
Goodwill		**653.1**	652.5
Other intangible assets		**16.1**	10.5
Property, plant and equipment		**483.0**	507.9
Other investments		**0.1**	0.1
Deferred tax asset	8	**16.2**	14.7
Retirement benefit asset		**18.8**	12.0
Derivative financial instruments		**-**	0.9
		1,187.3	1,198.6
Current assets			
Assets held for sale	11	**2.3**	-
Inventories		**82.5**	71.3
Trade and other receivables		**195.4**	171.7
Cash and cash equivalents		**29.9**	36.6
Derivative financial instruments		**1.2**	2.1
		311.3	281.7
Total assets		**1,498.6**	1,480.3
Current liabilities			
Liabilities held for sale	11	**(3.0)**	-
Trade and other payables		**(492.7)**	(447.6)
Current tax liabilities		**(1.7)**	(3.4)
Borrowings	7	**(6.9)**	(25.4)
Lease liabilities		**(12.1)**	(11.6)
Provisions		**(15.9)**	(10.4)
Derivative financial instruments		**(2.1)**	(0.5)
		(534.4)	(498.9)
Non-current liabilities			
Borrowings	7	**(215.4)**	(240.0)
Lease liabilities		**(72.2)**	(78.9)
Provisions		**(18.3)**	(15.7)
Derivative financial instruments		**-**	(0.8)
Deferred tax liabilities	8	**(42.2)**	(38.4)
		(348.1)	(373.8)
Total liabilities		[illegible]	[illegible]

£m	Note	28 December 2024	30 December 2023
Total liabilities		**[illegible]**	(872.7)
Net assets		**616.1**	607.6
Equity			
Called up share capital	9	**11.6**	11.6
Own shares held	9	**(6.3)**	(4.4)
Merger reserve		**(130.9)**	(130.9)
Hedging reserve		**(0.5)**	1.1
Translation reserve		**33.7**	32.8
Retained earnings		**708.5**	697.4
Total equity		**616.1**	607.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 28 DECEMBER 2024

£m	Note	Called up share capital	Own shares held	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	**Total equity**
Balance at 1 January 2023		11.6	(3.1)	(130.9)	9.5	44.5	686.2	**617.8**
Profit for the period		-	-	-	-	-	53.9	**53.9**
Other comprehensive expense for the period		-	-	-	(8.4)	(11.7)	(2.2)	**(22.3)**
Total comprehensive (expense)/income for the period		-	-	-	(8.4)	(11.7)	51.7	**31.6**
Purchase of own shares	9	-	(2.4)	-	-	-	-	**(2.4)**
Dividends	9	-	-	-	-	-	(40.8)	**(40.8)**
Credit for share-based payments		-	-	-	-	-	2.0	**2.0**
Proceeds from exercise of share options		-	-	-	-	-	0.2	**0.2**
Equity-settlement of share-based payments		-	1.1	-	-	-	(1.1)	**-**
Deferred tax	8	-	-	-	-	-	(0.8)	**(0.8)**
Balance at 30 December 2023		**11.6**	**(4.4)**	**(130.9)**	**1.1**	**32.8**	**697.4**	**607.6**
Profit for the period		-	-	-	-	-	55.7	**55.7**
Other comprehensive (expense)/income for the period		-	-	-	(5.2)	0.9	3.7	**(0.6)**
Total comprehensive (expense)/income for the period		-	-	-	(5.2)	0.9	59.4	**55.1**
Reclassification to inventory		-	-	-	3.6	-	-	**3.6**
Purchase of own shares	9	-	(8.6)	-	-	-	-	**(8.6)**
Dividends	9	-	-	-	-	-	(43.8)	**(43.8)**
Credit for share-based payments		-	-	-	-	-	2.4	**2.4**
Proceeds from exercise of share options		-	-	-	-	-	0.4	**0.4**
Equity-settlement of share-based payments		-	6.7	-	-	-	(6.7)	**-**
Deferred tax	8	-	-	-	-	-	(0.6)	**(0.6)**
Balance at 28 December 2024		**11.6**	**(6.3)**	**(130.9)**	**(0.5)**	**33.7**	**708.5**	**616.1**

CONSOLIDATED STATEMENT OF CASH FLOWS
52 WEEKS ENDED 28 DECEMBER 2024

£m	Note	**52 weeks ended 28 December 2024**	52 weeks ended 30 December 2023
Net cash generated from operating activities	10	**150.3**	147.7
Investing activities:			
Interest received		**0.5**	0.6
Dividends received from associates		**-**	1.6
Purchases of property, plant and equipment		**(49.3)**	(40.4)
Proceeds on disposal of property, plant and equipment		**0.5**	1.6
Purchase of intangibles		**(7.0)**	(3.5)
Acquisition of subsidiary		**(1.8)**	-
Proceeds on disposal of subsidiary		**6.6**	-
Proceeds on disposal of associate		**-**	3.2
Net cash used in investing activities		**(50.5)**	(36.9)
Financing activities:			
Dividends paid	9	**(43.8)**	(40.8)
Own shares purchased	9	**(8.6)**	(2.4)
Proceeds from exercise of share options		**0.4**	0.2
Increase in borrowings		**195.0**	11.1
Repayment of borrowings		**(237.4)**	(69.1)
Principal elements of lease payments		**(12.1)**	(12.3)
Net cash used in financing activities		**(106.5)**	(113.3)
Net decrease in cash and cash equivalents		**(6.7)**	(2.5)
Cash and cash equivalents at beginning of period		**36.6**	40.2
Effect of foreign exchange rate changes		**-**	(1.1)
Cash and cash equivalents at end of period		**29.9**	36.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies

Basis of accounting

The financial information set out in this document does not constitute statutory accounts for Bakkavor plc for the period ended 28 December 2024, but is extracted from the 2024 Annual Report & Accounts. The 2024 Annual Report

& Accounts will be delivered to the Registrar of Companies in due course. The audit report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either Section 498(2) of the Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records or returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The consolidated financial statements of the Bakkavor Group plc group have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority.

The Consolidated Financial Statements comprise the Financial Statements of the parent undertaking and its subsidiary undertakings (the "Group"), comprising a 52- or 53-week period ending on the Saturday of or immediately before 31 December. Where the fiscal year 2024 is quoted in these Financial Statements this relates to the 52-week period ended 28 December 2024. The fiscal year 2023 relates to the 52-week period ended 30 December 2023.

These Financial Statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the foreign currency policy set out below.

The Group considers the impact of climate-related factors in the preparation of the Financial Statements and discloses any material impact in the relevant Notes.

The Financial Statements have 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).

All principal accounting policies adopted have been applied consistently and are set out in the 2024 Annual Report & Accounts for the 52 weeks ended 28 December 2024.

Going concern
The Directors have reviewed the historical trading performance of the Group and the forecasts through to March 2026.

The Directors, in their detailed consideration of going concern, have reviewed 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 under its financing facilities. 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 the potential impact of lower sales volumes and the associated impact on factory performance, along with the potential impact of further cost inflation on the Group's performance.

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 Financial Statements.

2. Segmental 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 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, the 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 12.

Measures of total assets are provided to the Senior Executive Team; however, cash and cash equivalents, short-term deposits and some other central assets are not allocated to individual segments. Measures of segment liabilities are not provided to the Senior Executive Team.

The following table provides an analysis of the Group's segmental information for the period to 28 December 2024:

£m	Note	UK	US	China	Un-allocated	Total
Revenue		**1,948.5**	**227.7**	**116.5**	**-**	**2,292.7**
Adjusted EBITDA	12	**160.7**	**21.6**	**4.3**	**-**	**186.6**
Depreciation		**(48.8)**	**(11.3)**	**(5.8)**	**-**	**(65.9)**
Amortisation		**(2.7)**	**(0.2)**	**-**	**-**	**(2.9)**
Share scheme charges		**(4.0)**	**(0.2)**	**-**	**-**	**(4.2)**
Adjusted operating profit/(loss)	12	**105.2**	**9.9**	**(1.5)**	**-**	**113.6**
Exceptional items	3	**(21.5)**	**(0.6)**	**1.9**	**-**	**(20.2)**
Operating profit		**83.7**	**9.3**	**0.4**	**-**	**93.4**
Finance costs	4					**(27.0)**
Finance income						**0.5**
Other gains						**1.7**
Profit before tax						**68.6**
Tax						**(12.9)**
Profit for the period						**55.7**
Other segment information						
Capital additions[1]		**54.6**	**6.4**	**4.3**	**-**	**65.3**
Total assets		**1,225.5**	**185.1**	**56.9**	**31.1**	**1,498.6**
Non-current assets		**994.4**	**156.6**	**36.3**	**-**	**1,187.3**

1 In 2024 Capital additions include additions for Property, Plant and Equipment (£58.3m) and Other intangible assets (£7.0m).

The following table provides an analysis of the Group's segmental information for the period to 30 December 2023:

£m	Note	UK	US	China	Un-allocated	Total
Revenue		1,852.7	229.4	121.7	-	2,203.8

£m	Note	UK	US	China	Un-allocated	Total
Adjusted EBITDA	12	149.2	15.0	3.9		168.1
Depreciation		(51.4)	(10.6)	(6.7)	-	(68.7)
Amortisation		(2.0)	(1.0)	-	-	(3.0)
Share scheme charges		(2.0)	-	-	-	(2.0)
Profit on disposal of property, plant and equipment		0.1	-	(0.2)	-	(0.1)
Adjusted operating profit/(loss)	12	93.9	3.4	(3.0)	-	94.3
Exceptional items	3	2.8	(2.9)	2.9	-	2.8
Operating profit/(loss)		96.7	0.5	(0.1)	-	97.1
Finance costs	4					(27.4)
Finance income						0.6
Other gains and (losses), net						-
Profit before tax						70.3
Tax						(16.4)
Profit for the period						53.9
Other segment information						
Capital additions[1]		31.3	14.2	1.7	-	47.2
Total assets		1,190.7	185.0	65.9	38.7	1,480.3
Non-current assets		995.6	159.2	42.9	0.9	1,198.6

1 In 2023 Capital additions include comprise Property, Plant and Equipment additions only. There was £3.4m of Other intangible asset additions (UK £3.0m, US £0.4m, China £nil).

All of the Group's revenue is derived from the sale of goods in 2024 and 2023. There were no inter-segment revenues. The un-allocated assets of £31.1m (2023: £38.7m) relate to cash and cash equivalents and derivative financial instruments which cannot be readily allocated because of the Group cash-pooling arrangements that are in place to provide funds to businesses across the Group.

Major customers

In 2024, the Group's four largest customers accounted for 74.5% (2023: 73.9%) of the Group's total revenue from continuing operations. These customers accounted for 87.7% (2023: 88.0%) of total UK revenue from continuing operations. The Group does not enter into long-term contracts with its retail customers.

Each of these four customers accounts for a significant amount of the Group's revenue and are all in the UK segment. The percentage of Group revenue from these customers is as follows:

	2024	2023
Customer A	**31.5%**	32.4%
Customer B	**22.0%**	21.5%
Customer C	**14.4%**	13.1%
Customer D	**6.6%**	6.9%

3. 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 that are material and not expected to reoccur. The Directors consider that the underlying performance, which is reported as our 'Adjusted' measures, 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 material items that are non-recurring or significant in nature, and are important to users in understanding the business. This may include, but is not limited to, restructuring costs, impairment of assets, profits or losses on sale of operations and associated transaction costs, and transformation projects:

£m	Note	**2024**	2023
China: Net profit on disposal or impairment arising from operations		**1.9**	2.9
UK: Restructuring and site closures (accruals)/releases			
- Closure costs		**(7.9)**	2.2
- Impairment charge		**(12.9)**	0.6
UK: ERP transformation costs		**(0.7)**	-
US: Asset impairment charge		**(0.6)**	(3.5)
US: Customer contractual dispute impairment		**-**	0.6
Total exceptional items included in operating profit		**(20.2)**	2.8
Exceptional finance costs	4	**(0.6)**	-
Total exceptional items before tax		**(20.8)**	2.8
Tax on exceptional items		**5.4**	-
Total exceptional items after tax		**(15.4)**	2.8

2024

The Group recognised £20.8m of net exceptional expense for the year (before tax). This includes the following:

- £1.9m of profit on disposal or impairment arising from our China operations. This includes £4.0m profit on disposal from the 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024 and a further £1.1m of net profit arising from the sale of our Hong Kong associate in 2023 due to a provision no longer being required (with £1.4m of exceptional income recognised in 2023). Offsetting this is a £3.2m charge relating to our Hong Kong operations which are held for sale at 28 December 2024 (of which £2.2m impairment and £1.0m costs to sell);
- £20.8m net charge of which £21.4m relates to the closure of one of our UK sites by the end of Q1 2025 (announced in September 2024). Of this, £12.9m relates to an impairment of assets (£12.4m fixed assets and £0.5m inventory), and £8.5m cash costs of closure, which includes redundancy payments. The majority of the cash impact will be recognised in 2025. There is £0.6m release of provisions which are no longer required in relation to the UK restructuring implemented in 2022.
- £0.7m related to our UK ERP transformation. In 2024, the Group commenced a multi-year project to replace its legacy UK ERP systems with a new ERP system which is a cloud-based solution. The total project cost is

expected to be c.£40m and be incurred over four years, with c.£20m to be expensed and recognised within exceptional items and the balance to be capital spend. The Group recognised a charge of £0.7m in respect of work carried out in 2024, along with £3.0m of capital spend;

- £0.6m additional impairment charge in the US relating to equipment that was partially written down in 2023 that is no longer in use (see below); and
- £0.6m charge relating to accelerated amortisation of refinancing fees. See Note 4 for further details.

A tax credit of £5.4m has been recognised in relation to these exceptional charges.

2023

The Group recognised £2.8m of exceptional income for the year (before tax). This included the following:

- £2.9m of profit on disposal arising from our China operations. This 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.
- £2.8m release of 2022 UK closure cost provisions following the sites closing earlier in 2023 than originally planned and the release of an impairment associated with these sites that is no longer required.
- £3.5m impairment charge for fixed assets that will now no longer have any value to the US business.
- £0.6m release of impairment charge on assets for the US business that are no longer required.

The total net cash inflow during the financial year in respect of exceptional charges was £3.5m (2023: outflow £4.4m). This included £6.6m cash receipts from the disposal of our China subsidiary less £0.3m tax deducted at source, and £2.8m cash payments in respect of other exceptional costs, of which £2.4m related to prior year exceptional charges.

4. Finance costs and finance income

Finance costs

£m	Note	**2024**	2023
Interest on borrowings		**(15.7)**	(16.4)
Interest on non-recourse receivables financing		**(6.7)**	(7.1)
Interest on lease liabilities		**(2.7)**	(3.0)
Unwinding of discount on provisions		**(1.3)**	(0.9)
Total finance costs pre exceptionals		**(26.4)**	(27.4)
Exceptional finance costs	3	**(0.6)**	-
Total finance costs		**(27.0)**	(27.4)

Finance income

£m	**2024**	2023
Interest received on bank deposits	**0.5**	0.6

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, with the process having launched on 7 June 2024 and completed on 25 July 2024. The amortisation of these refinancing fees prior to the launch of the refinancing were included in 'interest on borrowings'.

5. Tax charge

£m	**2024**	2023
Current tax:		
Current period	**13.6**	14.3
Prior period adjustment	**0.4**	(1.2)
Total current tax charge (pre-exceptional items)	**14.0**	13.1
Deferred tax:		
Deferred tax relating to the origination and reversal of temporary differences in the period	**7.0**	0.9
Deferred tax relating to changes in tax rates	**-**	0.2
Prior period adjustment	**(2.7)**	2.2
Total deferred tax charge (pre-exceptional items)	**4.3**	3.3
Tax on exceptional items:		
Current tax	**(2.2)**	0.6
Deferred tax	**(3.2)**	(0.6)
Total tax credit on exceptional items	**(5.4)**	0.0
Total tax charge for the period	**12.9**	16.4

The Group tax charge for the period was £12.9m (2023: £16.4m) which represents an effective tax rate of 18.8% (2023: 23.4%) on profit before tax of £68.6m (2023: £70.3m). Tax is calculated using prevailing statutory rates in the territories in which we operate, however, most of the Group's profits are earned in the UK, where the statutory rate is 25% for financial year 2024. The effective tax rate is 6.2% lower (2023: 0.1% lower) than the UK statutory tax rate as detailed in the table below.

Excluding exceptional items and other adjusting items the adjusted tax rate on underlying activities was 20.5% (2023: 24.4%) (see Note 12).

The charge for the period can be reconciled to the profit per the Consolidated income statement as follows:

	2024 £m	**2024 %**	2023 £m	2023 %
Profit before tax:	**68.6**	**100.0**	70.3	100.0
Tax charge at the UK corporation tax rate of 25% (2023: 23.5%)	**17.2**	**25.0**	16.5	23.5

	2024 £m	2024 %	2023 £m	2023 %
Net non-deductible expenses/(non-taxable income)	**(2.1)**	**(3.0)**	(1.5)	(2.1)
Prior period adjustment	**(2.3)**	**(3.3)**	1.0	1.4
Tax effect of losses carried forward not recognised	**0.1**	**0.1**	1.0	1.4
Unprovided deferred tax assets now recognised	**-**	**-**	(0.4)	(0.5)
Overseas taxes at different rates	**0.2**	**0.3**	0.3	0.4
Deferred tax rate differential	**-**	**-**	0.2	0.3
Exceptional non-taxable income/expense	**(0.2)**	**(0.3)**	(0.7)	(1.0)
Tax charge and effective tax rate for the period	**12.9**	**18.8**	16.4	23.4

In addition to amounts charged to the Consolidated income statement, the following amounts in respect of tax were charged/(credited) to the consolidated statement of comprehensive income and equity:

£m	2024	2023
Tax relating to components of other comprehensive income/(expense):		
Deferred tax:		
Remeasurements on defined benefit pension scheme actuarial gain/(loss)	**1.2**	(0.7)
Deferred tax rate change on defined benefit pension scheme actuarial gain/(loss)	**-**	-
Cash flow hedges and cost of hedging	**(0.6)**	(2.8)
Deferred tax on share schemes	**0.6**	0.8
	1.2	(2.7)
Tax relating to components of other comprehensive income/(expense):	**0.6**	(3.5)
Tax relating to share-based payments recognised directly in equity:	**0.6**	0.8
	1.2	(2.7)

HMRC had previously raised an enquiry into the structure used to fund our overseas investment in the US business. Although a number of earlier years have been agreed, there is uncertainty for some years in connection with the applicability of the UK tax rules to the structure which could lead to additional UK tax payable. This was a complex area with a range of possible outcomes and judgement was used in calculating the provision. During 2024 the Group reviewed its assumptions in this regard and following a European Court of Justice case in September 2024 concluded that the most likely outcome was the position filed with the tax authorities and accordingly the uncertain tax provision, which is immaterial, has been released to reflect this.

In addition, at the end of 2024, the Group holds a tax risk provision of £1.1m (2023: £1.0m) because it is considered likely that additional liabilities will become due to the tax authorities.

Other factors affecting future tax charges

The Organisation for Economic Cooperation & Development ("OECD") has published proposals for a global corporate minimum tax rate of 15%. The UK implementation of these rules ("Pillar Two") will be effective for accounting periods commencing on or after 31 December 2023 and will therefore impact the Group in the accounting period ending December 2024. During 2023 the Group undertook an initial impact assessment of the UK rules based on FY 2022 Country by Country Reporting ("CbCR") data. This assessment concluded that, provided that the CbCR report is prepared in accordance with OECD guidelines, all jurisdictions in which the Group operates are expected to meet at least one of the transitional CbCR safe harbour tests (which potentially apply up to the year ended December 2026) which results in no top-up taxes being due. In addition, the Group updated this initial impact assessment to take account of 2024 CbCR data, and the Group continues to meet the transitional CbCR safe harbour tests. The rules are complex and the Group will continue to evaluate the impact of Pillar Two on the group tax charge.

6. 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, excluding own shares held.

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:

£m	2024	2023
Profit for the period	**55.7**	53.9

Number of shares '000	2024	2023
Weighted average number of Ordinary shares	**578,881**	576,129
Effect of potentially dilutive Ordinary shares	**9,057**	12,576
Weighted average number of Ordinary shares including dilution	**587,938**	588,705

	2024	2023
Basic earnings per share	**9.6p**	9.4p
Diluted earnings per share	**9.5p**	9.2p

The Group calculates adjusted basic earnings per Ordinary share and details of this can be found in Note 12.

7. Borrowings

The interest rates and currency profile of the Group's borrowings at 28 December 2024 were as follows:

	Currency	Facility amount £m	Amount drawn down at year end £m	Interest rate	Maturity date
Term Loan	GBP	150.0	150.0	SONIA plus a margin of 1.85%	Jul 2028
Revolving Credit Facility ("RCF")	GBP	200.0	45.0	SONIA plus a margin of 1.85%	Jul 2028
Asset Finance Facility	GBP	14.3	14.3	Fixed interest rate	Aug 2027
Asset Finance Facility	GBP	14.3	14.3	Fixed interest rate	Aug 2028
Total		**378.6**	**223.6**[1]		

1 £223.6m represents the committed facilities of the Group, the Group's Consolidated Statement of Financial Position discloses £222.3m which includes local overdraft facilities, unamortised fees and interest accrued.

On 25 July 2024, the Group completed a refinancing of its core debt facilities through a new Term Loan and Revolving Credit Facility totalling £350.0m. These new facilities will mature in July 2028 with the option of two one-year extensions.

The Group's total banking facilities amount to £350.0m (2023: £455.0m) comprising:

- £150.0m Term Loan (2023: £225.0m Term Loan) maturing in July 2028; and
- £200.0m Revolving Credit Facilities ("RCF") (2023: £230.0m RCF), which includes an overdraft and money market facility of £12.0m (2023: £20.0m) and further ancillary facilities of £3.0m (2023: £13.3m). The RCF matures in July 2028. The bank facilities are unsecured and are subject to covenant agreements including the Group maintaining a minimum interest cover of 4.0x and not exceeding an adjusted leverage of 3.0x.

The Asset Finance Facility is made up of two separate facilities which are secured against specific items of plant and machinery as follows:

- £25.0m facility, which could be drawn against up to August 2020, of which the Group initially drew down £24.9m with £14.3m outstanding at the end of 2024. No further draw down can be made against this facility. The facility has been drawn in tranches, with each tranche being repaid on a quarterly basis over a period of seven years, and the weighted average interest rate for the facility as at 28 December 2024 was 2.41% (2023: 2.41%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.
- £13.1m drawn down during 2021 and £9.9m during 2023 under separate asset financing facilities with £14.3m outstanding at the end of 2024. No further draw down can be made against these facilities. The facilities have been drawn in tranches, with each tranche being repaid on a monthly basis over a period of five or seven years, and the weighted average interest rate for the facility at 28 December 2024 is 4.63% (2023: 4.61%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.

In addition, the Group has access to £10.7m (2023: £10.7m) of local overdraft facilities in the US and China which are uncommitted and unsecured. One of the Group's UK subsidiary companies, Bakkavor Finance (2) Limited, has provided Corporate Guarantees totalling USD 8m for the US local overdraft facility and RMB 40m for the China local overdraft facility.

£m	**28 December 2024**	30 December 2023
Bank overdrafts	**-**	3.4
Bank loans	**222.3**	262.0
	222.3	265.4
Borrowings repayable as follows:		
On demand or within one year	**6.9**	25.4
In the second year	**6.2**	5.7
In the third to fifth years inclusive	**209.2**	234.3
Over five years	**-**	-
	222.3	265.4
Analysed as:		
Amount due for settlement within 12 months (shown within current liabilities)	**6.9**	25.4
Amount due for settlement after 12 months	**215.4**	240.0
	222.3	265.4

	2024 %	2023 %
The weighted average interest rates paid excluding interest swap benefits were as follows:		
Bank loans and overdrafts	**6.59**	6.38

Apart from the Asset Finance Facilities, interest on the Group's Term Loan and other borrowings are at floating rates, thus exposing the Group to cash flow interest rate risk. This risk is mitigated using interest rate swaps. The fair value of the Group's borrowings is as follows:

£m	**28 December 2024**	30 December 2023
Fair value of the Group's borrowings	**223.6**	266.1

Net debt is the net of cash and cash equivalents, prepaid fees to be amortised over the term of outstanding borrowings, interest accrued on borrowings and lease liabilities and is as follows:

£m	**28 December 2024**	30 December 2023
Analysis of net debt		
Cash and cash equivalents	**29.9**	36.6
Borrowings	**(6.4)**	(25.5)
Interest accrual	**(1.2)**	(0.5)
Unamortised fees	**0.7**	0.6
Lease liabilities	**(12.1)**	(11.6)
Debt due within one year	**(19.0)**	(37.0)
Borrowings	**(217.2)**	(240.5)
Unamortised fees	**1.8**	0.5
Lease liabilities	**(72.2)**	(78.9)
Debt due after one year	**(287.6)**	(318.9)
Group net debt	**(276.7)**	(319.3)

8. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

£m	Accelerated tax depreciation[1]	Fair value gains	Provisions	Retirement benefit obligations and share schemes	Overseas tax losses and accrued interest	US goodwill	Total
At 1 January 2023	(42.3)	(3.1)	0.9	(1.7)	33.6	(10.2)	(22.8)

£m	Accelerated tax depreciation[1]	Fair value gains	Provisions	Retirement benefit obligations and share schemes	Overseas tax losses and accrued interest	US goodwill	Total
(Charge)/credit to income	(4.8)	-	-	(0.3)	2.4	(0.6)	(3.3)
Credit to income on exceptional items	0.6	-	-			-	0.6
Exchange differences	0.2				(1.8)	0.6	(1.0)
Credit/(charge) to equity and other comprehensive income	-	2.8	-	-	-	-	2.8
At 30 December 2023	(46.3)	(0.3)	0.9	(2.0)	34.2	(10.2)	(23.7)
(Charge)/credit to income	(6.3)	-	0.6	0.3	1.5	(0.4)	(4.3)
Credit to income on exceptional items	3.1	-	-	-	0.1	-	3.2
Exchange differences	(0.1)	-	-	-	0.2	(0.1)	-
Credit/(charge) to equity and other comprehensive income	-	0.6	-	(1.8)	-	-	(1.2)
At 28 December 2024	**(49.6)**	**0.3**	**1.5**	**(3.5)**	**36.0**	**(10.7)**	**(26.0)**

1 IAS 23 Capitalised interest and Intangibles deferred tax balances are shown within the Accelerated tax depreciation values above.

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

£m	**28 December 2024**	30 December 2023
Deferred tax asset	**16.2**	14.7
Deferred tax liability	**(42.2)**	(38.4)
	(26.0)	(23.7)

Within the deferred tax asset above, £3.2m (2023: £3.7m) is expected to reverse no more than 12 months after the reporting period and £13.0m (2023: £11.0m) more than 12 months after the reporting period.

Included in the above are deferred tax assets of £35.4m (2023: £33.6m) in connection with US tax losses and accrued interest amounts which will be deductible in future accounting periods. These deferred tax assets are offset by liabilities for which there is a legally enforceable right to do so. The US tax losses and accrued interest amounts can be carried forward indefinitely and used against future US taxable profits.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

In evaluating whether it is probable that sufficient taxable profits will be earned in future accounting periods, all available evidence has been considered by management including forecasts and business plans. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, management determined there would be sufficient taxable profits generated to continue to recognise these deferred tax assets in full.

Deferred tax assets in respect of some capital losses as well as trading losses have not been recognised as their future recovery is uncertain or not currently anticipated. The total gross deferred tax assets not recognised are as follows:

£m	**28 December 2024**	30 December 2023
Capital losses	**5.0**	5.0
Trading losses	**15.8**	19.3
	20.8	24.3

The capital losses arose in the UK and are available to carry forward indefinitely but can only be offset against future capital gains. The trading losses are non-UK losses and are available to offset against future taxable profits. These losses are timebound and £14.4m (2023: £17.8m) will expire after five years if unused.

There are no deferred tax liabilities associated with undistributed earnings of subsidiaries due to the availability of tax credits against such liabilities or the exemption from UK tax on such dividends.

Temporary differences arising in connection with interests in associates are insignificant.

9. Called up share capital, dividends and reserves

Called up share capital

£m	**28 December 2024**	30 December 2023
Issued and fully paid:		
579,425,585 (2023: 579,425,585) Ordinary shares of £0.02 each	**11.6**	11.6

All Ordinary shares of £0.02 each are non-redeemable and carry equal voting rights and rank for dividends and capital distributions, whether on a winding up or otherwise.

Own shares held

During the prior and current period, the Company 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 28 December 2024 was 4,237,328 (30 December 2023: 4,567,073). This represents 0.7% of total called up share capital at 28 December 2024 (30 December 2023: 0.8%).

	Number of shares	£m
Balance at 31 December 2023	4,567,073	4.4
Acquisition of shares by the Trust	6,287,335	8.6
Distribution of shares under share scheme plans	(6,617,080)	(6.7)
Balance at 28 December 2024	**4,237,328**	**6.3**

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

The table below shows amounts included in the Consolidated statement of cash flows in relation to own shares purchased for share schemes:

£m	**2024**	2023
Cash paid to purchase own shares	**(8.6)**	(2.4)

£m	2024	2023
Cash paid to purchase own shares	[illegible]	[illegible]
Cash received from distribution of shares under share scheme plans	**0.4**	0.2
Included in financing activities cash flows	**(8.2)**	(2.2)

Dividends

Reporting period ended	Dividend per share	Declared	Date paid	Number of dividend rights waived[1]	Amount Paid
28 December 2024					
Interim dividend	**3.20p**	**September 2024**	**11 October 2024**	**1,917,903**	**£18,480,246**
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

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

Merger reserve

The merger reserve was created as a result of the acquisition of Bakkavor Holdings Limited and represents the difference between the carrying values of the net assets of Bakkavor Holdings Limited and the value of the share capital and share premium arising on the share-for-share exchange that resulted in Bakkavor Group plc acquiring Bakkavor Holdings Limited.

In 2007, a corporate reorganisation was completed to establish Bakkavor Holdings Limited as an intermediate holding company of the Group. This was accounted for using the principles of merger accounting.

In 2017, the merger reserve was debited by £185.8m as a result of the acquisition of Bakkavor Holdings Limited and the elimination of the historical capital reserve which related to the previous Group structure.

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items (basis adjustment).

Translation reserve

The translation reserve represents foreign exchange rate differences arising on the consolidation of the Group's foreign operations. The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the translation reserve.

10. Net cash generated from operating activities

£m	2024	2023
Operating profit	**93.4**	97.1
Adjustments for:		
Depreciation of property, plant and equipment	**65.9**	68.7
Amortisation of intangible assets	**2.9**	3.0
(Profit) on disposal of property, plant and equipment	**-**	(1.4)
(Profit) on disposal of subsidiary	**(4.0)**	-
(Profit) on disposal of associate	**(1.1)**	(1.4)
Impairment of assets	**15.5**	2.9
Share scheme charges	**2.4**	2.0
Net retirement benefits charge less contributions	**(1.9)**	(2.1)
Operating cash flows before movements in operating assets and liabilities	**173.1**	168.8
(Increase)/decrease in inventories	**(12.3)**	16.3
Increase in receivables	**(27.1)**	(8.1)
Increase in payables	**47.6**	18.9
Increase/(decrease) in provisions	**1.1**	(0.1)
Increase/(decrease) in exceptional provisions	**7.3**	(11.9)
Cash generated by operations	**189.7**	183.9
Income taxes paid	**(13.3)**	(11.0)
Interest paid	**(26.1)**	(25.2)
Net cash generated from operating activities	**150.3**	147.7

Analysis of changes in net debt

£m	31 December 2023	Cash flow	Lease additions (net)	Exchange movements	Other non-cash movements[1]	**28 December 2024**
Borrowings	(265.4)	42.4	-	-	0.7	**(222.3)**
Lease liabilities	(90.5)	12.1	(6.3)	(0.3)	0.7	**(84.3)**
Total liabilities from financing activities	(355.9)	54.5	(6.3)	(0.3)	1.4	**(306.6)**
Cash and cash equivalents	36.6	(6.7)	-	-	-	**29.9**
Net debt	(319.3)	47.8	(6.3)	(0.3)	1.4	**(276.7)**

£m	1 January 2023	Cash flow	Lease additions (net)	Exchange movements	Other non-cash movements[1]	**30 December 2023**
Borrowings	(322.3)	58.0	-	0.5	(1.6)	**(265.4)**
Lease liabilities	(97.2)	12.3	(6.2)	0.6	-	**(90.5)**
Total liabilities from financing activities	(419.5)	70.3	(6.2)	1.1	(1.6)	**(355.9)**
Cash and cash equivalents	40.2	(2.5)	-	(1.1)	-	**36.6**

Net debt	(379.3)	67.8	(6.2)	-	(1.6)	**(319.3)**

1. Includes accrued interest at 28 December 2024 of £1.2m (2023: £0.5m) and prepaid bank fees of £2.5m (2023: £1.1m). The net increase in these balances in the period of £0.7m (2023: net reduction of £1.6m) is shown in the table above as 'Other non-cash movements' in Borrowings. Also included in non-cash movements is the transfer of £0.7m of lease liabilities to Held for sale

£m	1 January 2023	Cash flow	Lease additions (net)	Exchange movements	Other non-cash movements[1]	**30 December 2023**

11. Events after the statement of financial position date

On 24 December 2024, a business transfer agreement was signed for the sale of the trade and assets of the Hong Kong business, the 'disposal group'. The assets and liabilities of the disposal group were consequently presented as held for sale at 28 December 2024 and measured at the lower of the carrying amount and fair value less costs to sell, resulting in the recognition of a £2.2m impairment. Combined with a £1.0m provision for costs to sell, the total exceptional charge related to the Hong Kong disposal is £3.2m (see Note 3). The sale is anticipated to complete in April 2025.

12. 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 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 revenue

The Group defines like-for-like revenue as revenue from continuing operations adjusted for the revenue generated from businesses closed or sold in the current and prior year, revenue generated from businesses acquired in the current and prior period, the effect of foreign currency movements and revenues. In addition, revenues for week 53 are taken out in the relevant financial years to ensure that like-for-like revenue is shown on a 52-week basis each year.

The following table provides the information used to calculate like-for-like revenue for the Group.

£m	**2024**	2023	Change %
Statutory revenue	**2,292.7**	2,203.8	4.0%
Effect of currency movements	**11.0**	-	
Revenue from sold business	**(2.8)**	(15.3)	
Like-for-like revenue	**2,300.9**	2,188.5	5.1%

The following tables provide the information used to calculate like-for-like revenue for each segment.

UK

£m	**2024**	2023	Change %
Statutory and like-for-like revenue	**1,948.5**	1,852.7	5.2%

US

£m	**2024**	2023	Change %
Statutory revenue	**227.7**	229.4	(0.7%)
Effect of currency movements	**6.3**	-	
Like-for-like revenue	**234.0**	229.4	2.0%

CHINA

£m	**2024**	2023	Change %
Statutory revenue	**116.5**	121.7	(4.3%)
Effect of currency movements	**4.7**	-	
Revenue from sold business	**(2.8)**	(15.3)	
Like-for-like revenue	**118.4**	106.4	11.3%

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, the share of results of associates after tax 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	Note	**2024**	2023
Operating profit		**93.4**	97.1
Exceptional items	3	**20.2**	(2.8)
Adjusted operating profit		**113.6**	94.3
Depreciation		**65.9**	68.7
Amortisation		**2.9**	3.0
Share scheme charges		**4.2**	2.0
Loss on disposal of property, plant and equipment		**-**	0.1
Adjusted EBITDA post IFRS 16		**186.6**	168.1
Less IFRS 16 impact		**(14.6)**	(14.0)
Adjusted EBITDA pre IFRS 16[1]		**172.0**	154.1
Covenant adjustments		**0.6**	0.4
Adjusted EBITDA (pre IFRS 16 and including covenant adjustments)		**172.6**	154.5

£m	Note	2024	2023
Adjusted EBITDA (pre IFRS 16 and including covenant adjustments)			

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

Adjusted EBITDA and Adjusted operating profit by segment is reconciled to operating profit in Note 2.

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 sets out the reconciliation from the Group's net debt to the Group's operational net debt.

£m	Note	2024	2023
Group net debt	7	**(276.7)**	(319.3)
Unamortised fees		**(2.5)**	(1.1)
Interest accrual		**1.2**	0.5
Lease liabilities recognised under IFRS 16		**84.2**	90.3
Group operational net debt		**(193.8)**	(229.6)
Adjusted EBITDA (pre IFRS 16 and including covenant adjustments)		**172.6**	154.5
Leverage (operational net debt/adjusted EBITDA pre IFRS 16 and including covenant adjustments)		**1.1**	1.5

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), but before payments of refinancing fees and other exceptional or significant non-recurring cash flows. Free cash flow has benefitted from non-recourse factoring of receivables and the extension of payment terms for certain suppliers. 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 definition of free cash flow was amended during the prior year to be after IFRS 16 capital lease payments to simplify our cash reporting. The following table provides a reconciliation from net cash generated from operating activities to free cash flow.

£m	2024	2023
Net cash generated from operating activities	**150.3**	147.7
Interest received	**0.5**	0.6
Dividends received from associates	**-**	1.6
Proceeds on disposal of subsidiary	**6.6**	-
Process on disposal of associates	**-**	3.2
Purchases of property, plant and equipment	**(49.3)**	(40.4)
Proceeds on disposal of property, plant and equipment	**0.5**	1.6
Purchase of intangibles	**(7.0)**	(3.5)
Cash impact of exceptional items	**(3.5)**	4.4
Refinancing fees	**2.6**	-
IFRS 16 capital lease payments	**(12.0)**	(12.0)
Free cash flow	**88.7**	103.2

Adjusted earnings per share

The Group calculates adjusted basic earnings per Ordinary share by dividing adjusted earnings by the weighted average number of Ordinary shares in issue during the year. Adjusted earnings is calculated as profit for the period adjusted to exclude exceptional items and the change in value of derivative financial instruments. The following table reconciles profit for the period to adjusted earnings.

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

£m	Note	2024	2023
Profit for the period		**55.7**	53.9
Exceptional items	3	**20.8**	(2.8)
Change in fair value of derivative financial instruments		**-**	-
Tax on the above items		**(5.4)**	-
Adjusted earnings		**71.1**	51.1
Add back: Tax on adjusted profit before tax		**18.3**	16.4
Adjusted profit before tax		**89.4**	67.5
Effective tax rate on underlying activities			
(Tax on adjusted profit before tax/adjusted profit before tax)		**20.5%**	24.4%

Number of shares '000	2024	2023
Weighted average number of Ordinary shares	**578,881**	576,129
Effect of dilutive Ordinary shares	**9,057**	12,576
Weighted average number of diluted Ordinary shares	**587,938**	588,705

	2024	2023
Adjusted basic earnings per share	**12.3p**	8.8p
Adjusted diluted earnings per share	**12.1p**	8.7p

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 at the period end, pension assets and liabilities (net of deferred tax) and fair values for derivatives not designated in a hedging relationship. The Group utilises ROIC to measure how effectively it uses invested capital. Average invested capital is the simple average of invested capital at the beginning and end of the period.

capital is the simple average of invested capital at the beginning and end of the period.

The Directors believe that ROIC is a useful indicator of the amount returned as a percentage of shareholders' invested capital and 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	Note	**2024**	2023
Operating profit		**93.4**	97.1
Exceptional items	3	**20.2**	(2.8)
Adjusted operating profit		**113.6**	94.3
Taxation at the underlying effective rate		**(23.3)**	(23.0)
Adjusted operating profit after tax		**90.3**	71.3
Invested capital			
Total assets		**1,498.6**	1,480.3
Total liabilities		**(882.5)**	(872.7)
Net debt at period end		**276.7**	319.3
Retirement benefit scheme surplus		**(18.8)**	(12.0)
Deferred tax liability on retirement benefit scheme		**4.7**	3.0
Invested capital		**878.7**	917.9
Average invested capital for ROIC calculation		**898.3**	952.7
ROIC (%)		**10.1%**	7.5%

Statement of Directors' responsibilities in respect of the financial statements

We confirm to the best of our knowledge that:

- The Group Financial Statements, which have been prepared in accordance with UK-adopted International Accounting Statements, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The announcement includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved on behalf of the Group Board by:

Mike Edwards
Chief Executive Officer

Lee Miley
Chief Financial Officer

3 March 2025