CRANSWICK plc: INTERIM RESULTS

Continued positive and sustainable progress

23 November 2021

Cranswick plc ("Cranswick" or "the Company" or "the Group"), a leading UK food producer, today announces its unaudited results for the 26 weeks ended 25 September 2021.

Commercial and strategic progress:

- Strong like-for-like† revenue growth of 6.4% driving an 11.5% increase in adjusted EPS
- Significant uplift in Poultry sales following the successful capacity expansion at Eye
- Expansion of Convenience category following two complementary bolt-on acquisitions, further strengthening our non-meat range
- New £31m Breaded Poultry facility on track for completion in early FY23
- Total capital expenditure of £41m across the Group's asset base to support strong growth pipeline
- Unprecedented industry wide labour and supply chain challenges being well managed with excellent customer service levels maintained
- Cost inflation being proactively managed and recovered

Sustainability highlights:

- All 14 eligible¥ manufacturing sites now certified carbon neutral
- Science Based Targets (SBTi) aligned with efforts to limit global warming to 1.5 degrees under the Paris Agreement now validated, with a commitment to halve Scope 1, 2 and 3 emissions by 2030 and achieve Net Zero status by 2040
- Sustainability linked refinancing of the Group's bank facility successfully completed post period end
- Commitment to purchasing 100% certified deforestation-free soya±

Financial highlights*:

	2021	2020	Change (Reported)	Change (Like-for-like†)
Revenue	**£993.1m**	£931.6m	+6.6%	+6.4%
Adjusted Group operating profit	**£69.6m**	£62.0m	+12.3%	
Adjusted Group operating margin	**7.0%**	6.7%	+35bps	
Adjusted profit before tax	**£68.3m**	£60.7m	+12.5%	
Adjusted earnings per share	**103.5p**	92.8p	+11.5%	

- Statutory profit before tax 17.7% higher at £63.2m (2020: £53.7m)
- Statutory earnings per share up 16.8% to 95.7p (2020: 81.9p)
- Interim dividend increased by 7.0% to 20.0p (2020: 18.7p)

- Return on capital employed‡ 127bps higher at 17.8% (2020: 16.6%)
- Net debt (excluding IFRS 16 lease liabilities) of £18.6m (2020: £54.6m and March 2021: £20.8m)
- Robust balance sheet with £250m of bank facilities providing generous headroom following refinancing

Adam Couch, Cranswick's Chief Executive Officer commented:

"We have made further positive and sustainable progress during the first half of the year, delivering revenue and earnings growth in an incredibly challenging operating environment.

"We continue to invest in the long-term sustainability of our business. We have made excellent headway in delivering our Second Nature sustainability strategy with several major milestones reached during the period. These include achieving carbon neutral status across all 14 of our eligible manufacturing facilities and committing to purchasing 100% deforestation-free soya which we expect will result in a c.20% reduction in carbon compared to the previous system.

"We also continue to invest heavily in our people, in our product range and in capacity and capability across our asset base. Our new £31m Breaded Poultry facility is on track for completion in early FY23; when completed, this will be our fourth new-build production facility commission in the last five years with a combined total investment of over £180m.

"I would like to thank our customers, suppliers and all my colleagues for their ongoing support, understanding and resilience during this very demanding period.

"Our outlook for the current year is unchanged and we have a solid platform from which to continue Cranswick's successful long-term development."

¥ Eligible sites exclude new sites commissioned or acquired in the financial year. These sites will receive certification during the next financial year.

± Cranswick has committed to switching to a full mass balance soya purchasing system. This covers 50% of the soya used by the business. The remaining 50% of the soya is purchased from deforestation-free sources in North America.

* Adjusted and like-for-like references throughout this statement refer to non-IFRS measures or Alternative Performance Measures ('APMs'). Definitions and reconciliations of the APMs to IFRS measures are provided in Note 14.

† For comparative purposes, like-for-like revenues exclude the current year contribution from current year acquisitions prior to the anniversary of their purchase.

‡ Return on capital employed is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension (surplus)/deficit and deferred tax.

Presentation

A conference call for analysts and institutional investors will take place at 9.30 am today. Slides to accompany the call will be sent to registered participants ahead of the call. Slides will also be available on the company website. For the dial-in details please contact Powerscourt on the details below.

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Note to Editors:

Cranswick is a leading and innovative supplier of premium, fresh and added value food products. The business employs over 12,600 people.

Cranswick was formed in the early 1970s by farmers in East Yorkshire to produce animal feed and has since evolved into a business which produces a range of high quality, predominantly fresh food, including fresh pork, poultry, convenience and gourmet products. The business develops innovative, great tasting food products to the highest standards of food safety and traceability. The Group supplies the major grocery multiples as well as the growing premium and discounter retail channels. Cranswick also has a strong presence in the 'food-to-go' sector and a substantial export business. For more information go to: www.cranswick.plc.uk

Cranswick is committed to ensuring that its business activities are sustainable from farm-to-fork. Its ambitious sustainability strategy 'Second Nature' has been developed to deliver the Group's vision to become the world's most sustainable meat business. Cranswick has committed to be a Net Zero business across its operations by 2040. Notable achievements to date include:

a. All 14 eligible manufacturing sites certified carbon neutral
b. Meeting the Champions 12.3 target to halve edible food loss and waste 10 years ahead of the 2030 deadline
c. Removing over 1,500 tonnes of plastic from the business, including the removal of black plastic and PVC, and increasing the recycled content of plastic packaging to up to 80%
d. Committing to purchase 100% certified deforestation-free soya
e. All production facilities are now powered by renewable grid supplied electricity
f. Retaining Tier One Global Business Benchmark on Farm Animal Welfare (BBFAW) status for the fifth consecutive year
g. Donating over 500,000 meals to local communities
h. Over 1,500 colleagues volunteering as Second Nature 'Changemakers' to help meet the Group's sustainability goals
i. Sustainability Award Finalists in 2021: The Grocer Gold Awards, FDF Awards

Find out more at: www.thisissecondnature.co.uk

Summary

We continue to make positive and sustainable progress during the first half of the year delivering revenue and earnings growth in an incredibly challenging operating environment. The character and tenacity of all our colleagues has again been ably demonstrated and we thank them, along with our customers and suppliers, for their ongoing support, understanding and resilience.

The positive progress made during the period highlights the robust and sustainable nature of our business model. Growth has continued in our domestic market with ongoing elevated retail demand compensating for the current reduced level of revenue from our Far Eastern export markets, particularly during the second quarter of the period. The unprecedented, well publicised, industry wide labour and supply chain challenges have been well managed with excellent customer service levels maintained. The cost inflation we are experiencing across a number of our inputs is being proactively managed and recovered.

The Hull Cooked Bacon facility was successfully commissioned at the beginning of the period and is performing to plan. Work on the new Breaded Poultry facility in Hull is progressing well and, when completed in FY23, will be the fourth new-build production facility commissioned in the last five years.

We strengthened our Convenience category during the period with the acquisition of Ramona's Kitchen, a supplier of authentic Mediterranean plant-based foods; and Atlantica UK, a supplier of Spanish tortillas. Collectively these acquisitions broaden our product offering in this fast-growing market sector.

Results

Total revenue in the six months was £993.1m, 6.6% higher than the £931.6m reported in the corresponding period last year. Adjusting for the acquisition of Atlantica UK in June 2021 and Ramona's Kitchen in August 2021, the increase in sales on a like-for-like basis was 6.4%.

Adjusted profit before tax for the period at £68.3m was 12.5% higher than the £60.7m in the corresponding period last year. Adjusted earnings per share on the same basis was up 11.5% at 103.5p compared to 92.8p in the equivalent period last year.

Cash flow and financial position

Net debt, excluding IFRS 16 lease liabilities, at the end of the period fell to £18.6m (2020: £54.6m) reflecting the strong operational performance of the Group. Post period end the Group refinanced its banking facilities with a new sustainability linked agreement. The new £250m facility provides generous headroom. Further details are provided in the Finance review.

Dividend

The interim dividend is being increased by 7.0% to 20.0p per share from 18.7p per share previously. The interim dividend will be paid on 28 January 2022 to Shareholders on the register at the close of business on 17 December 2021. Shareholders will again have the option to receive the dividend by way of a scrip issue.

Outlook

Notwithstanding the challenging operating conditions we are currently experiencing, the Board is encouraged by the continued strategic and commercial progress of the business. Our outlook for the current year is unchanged and we have a solid platform from which to continue Cranswick's successful long-term development.

Operating review

Revenue and adjusted operating profit

	H1 21	H1 20	Change (Reported)	Change (Like-for-like)*
Revenue	£993.1m	£931.6m	+6.6%	+6.4%
Adjusted Group operating profit*	£69.6m	£62.0m	+12.3%	
Adjusted Group operating margin*	7.0%	6.7%	+35bps	
Group operating profit	£64.5m	£55.0m	+17.3%	

* See Note 14

Revenue

Reported revenue increased by 6.6% to £993.1m. Like-for-like revenue, which excluded the modest contribution from Ramona's Kitchen and Atlantica UK during the period, increased by 6.4%, with corresponding volumes ahead by 4.1%. Exceptionally strong Poultry revenue growth and good progress in our Convenience and Gourmet Product categories was partly offset by lower Fresh Pork revenue, with lower retail and export revenue partly compensated by more volume being directed into the domestic wholesale market. Like-for-like revenue was 25.5% higher compared to the same period two years ago with all four categories making a positive contribution.

Adjusted Group operating profit

Adjusted Group operating profit increased by 12.3% to £69.6m with adjusted Group operating margin improving by 35bps to 7.0%. The profit uplift reflected the combined benefits of the additional contribution from the revenue uplift and lower COVID-19 related costs offset by a lower contribution from Far East exports due to the ongoing suspension of the Norfolk Fresh Pork site export licence and softer pricing in the Chinese market, particularly in the second quarter of the period. Also, profit was dampened by inflationary pressure across a number of cost categories, particularly wage inflation, although good progress continues to be made in managing and recovering these incremental costs.

Category review

Fresh Pork

Fresh Pork includes the Group's three primary processing facilities and associated farming operations and represented 27% of Group revenue. Like-for-like Fresh Pork revenue was 5.3% below the prior period, primarily reflecting lower export revenues and capacity constraints resulting from the shortage of skilled butchers. Fresh Pork retail demand remained buoyant with volumes falling only marginally from peak pandemic levels.

Far East export revenues were 11.2% down on the same period last year, reflecting reduced demand from China and the ongoing inability to export to China from our Norfolk facility due to the voluntary suspension of the site's China export licence in October 2020 following a COVID-19 outbreak at the site. Although all necessary audits allowing the site to start exporting again have been passed, we have no timeline on when the licence will be reinstated. Despite these challenges, Far East exports were still 10.9% ahead of the six months to September 2019.

African Swine Fever (ASF) continues to impact the global pig market with the most recent cases found in the Americas, with both the Dominican Republic and Haiti reporting cases. While the spread of the virus in Europe appears to be well controlled, we remain acutely aware of the impact an outbreak of ASF would have on the UK pig industry and its ability to continue exporting. The UK industry remains on high alert with intensive biosecurity protocols in place.

The UK standard pig price (SPP) increased from 141p/kg at the start of the period to a peak of 161p/kg before reducing to 154p/kg by the end of September. The increase in pig price through Q1 reflected tight supply and strong UK and export demand. The reduction in Q2 to 154p/kg, 6p/kg below the same point a year earlier, reflected downward pressure from lower EU pig prices together with the well-publicised impact of skilled labour shortages on the UK industry which limited processing capacity, with the impact expected to continue into the second half of the year. Over the past 12 months the gap between the UK and European pig price has widened with the EU pig price closing at 117p/kg reflecting the continued impact of the ban on exports from Germany into China.

Convenience

Convenience, which comprises Cooked Meats and Continental Products, represented 39% of Group revenue. Like-for-like Convenience revenue, excluding the contribution from acquisitions during the period, increased by 4.9%, with reported revenue growth of 5.4% reflecting increasing consumer demand for convenient and inspirational food.

Cooked Meats delivered further revenue growth in the period reflecting the sustained shift in consumer behaviour with elevated in-home consumption levels continuing alongside the reopening of the food service sector. Traditional product ranges continue to be supplemented by growth in premium ranges and value-add products including 'slow cook' and 'sous vide'. These products continue to meet the changing needs of consumers who are increasingly demanding more convenient high-quality meals in the home.

Continental Products revenue grew strongly, building on the popularity of olives and charcuterie products throughout the pandemic. This growth has been delivered through category expertise and leadership, complemented by the state-of-the-art manufacturing facility in Bury. Further investment in the facility during the period to support this growth has led to several retail business wins including a major sole-supply contract in olives and further growth in Italian charcuterie with one of the site's premium retail customers. With consumers looking to recreate restaurant quality experiences in the home, the site has grown its range of sharing platters and has also launched sharing boxes into its retail customer base and new mixed products into a national coffee shop chain.

Katsouris Brothers revenue was modestly down year on year reflecting tough comparatives. During the period focus centred on expanding the complementary range of authentic Mediterranean products through the acquisition of Ramona's Kitchen and Atlantica UK. Ramona's Kitchen offers a range of plant-based Mediterranean foods to several retailers under the Ramona's Kitchen brand whilst Atlantica UK supplies own brand Spanish Tortillas to the main retail customer of Katsouris. Both acquisitions create exciting opportunities to drive further growth in our rapidly expanding Continental Products business.

Gourmet Products

Gourmet Products, which comprise Sausage, Bacon and Pastry, represented 15% of Group revenue. Category revenue increased by 4.5% in the period.

Sausage revenue was down year on year when set against an exceptionally strong FY21 summer barbecue season but continued to perform well with ongoing innovation driving sales of gourmet hot dogs and new summer inspired flavours across premium ranges. Revenue also reflected a period of lower promotional activity, partially offset by a recovery in food service sector volumes.

Bacon revenue grew strongly in the period underpinned by the recovery in food service volumes together with a full contribution from new business wins secured during the first half of the last financial year. The volume uplift was augmented by increased sales of premium products which more than offset lower volumes of traditional gammon and bacon joints.

Sales of Cooked Bacon commenced in the period following the commissioning of the new Gourmet Kitchen facility in April 2021. Focus in the first half of the year was on delivering high quality product to the site's anchor Quick Service Restaurant customer. Progress to date has been in line with expectations with £5m of further investment earmarked for the site given its growth prospects.

Pastry revenue improved year on year with the recovery of the food service business complementing resilient premium retail demand. Sales to the national coffee shop chains and other 'food-to-go' customers also improved as this sector gradually reopened.

Poultry

Poultry, which includes Fresh and Cooked Poultry, represented 19% of Group Revenue. Poultry revenue increased by 35.5% during the period with strong growth in both Fresh and Cooked Poultry.

Following the successful uplift in processing capacity at Eye to 1.4m birds per week, retail demand from the site's anchor retail customer has remained strong, with average volumes in excess of 1.3m birds per week up from 1.1m a year earlier. This increase has been enabled by the investment in the agricultural supply chain across milling, hatching and rearing operations, alongside implementing shift pattern changes at the Eye facility. Further investment in deboning and portioning capability for value-added portioned products is planned in H2 to supplement the underlying uplift in processing capacity.

Growth in Cooked Poultry was exceptionally strong, mirroring the rapid recovery in the food service sector following the easing of lock-down restrictions during the period. With the retail sandwich market almost returning to pre-pandemic levels, sales into the site's major food service customer have now fully recovered. Growth also reflected a full six-month contribution from new business with an existing retail customer secured part way through the corresponding period last year.

Capital expenditure

We continue to invest at pace in our capital base to support both the growth and sustainability of the business. In the period the Group has invested £41m across new and existing projects. Investment has centred on automation projects to mitigate labour challenges and drive efficiency improvements, lifting capacity and adding capability to support future growth and on 'Second Nature' sustainability related initiatives.

Investment in growth has continued across all Poultry sites. Strong interest in the new Hull Breaded Poultry facility, which will be commissioned in early FY23 and be capable of servicing retail, food service and 'Food to Go' customers, has led to additional capacity and capability being added to the original investment case. The total planned investment has increased by £6m to £31m, with £9m invested to date. At Eye, £2m was spent on the capacity expansion project and investment is ongoing in additional drum and thigh deboning capability which will come on stream in Q4. At Cooked Poultry, £1m has been invested in expanding slicing and despatch capacity.

Investment also continues in efficiency and automation projects across the Group. £5m has been spent at the Preston Fresh Pork facility on a new automated 'Deboflex' leg deboning line. A further £2m was spent on additional slicing capability at the new Cooked Bacon facility. A second convection cooking line will be installed at this site during H2 at a cost of £5m to support further business growth. £2m has been invested in automation projects across all three Cooked Meats sites as well as an additional £2m on enhanced slicing capability at the Continental and Bacon facilities. A number of smaller projects were also progressed across the Convenience and Gourmet businesses to upgrade plant and amenities and to drive further operating efficiencies.

£9m has been spent on a range of projects including initiatives linked to our Second Nature sustainability strategy and to strengthen and deepen our agricultural supply chain. Sustainability linked projects included a new effluent plant at the Norfolk Fresh Pork facility, solar panelling at Eye, upgrading the refrigeration plant at Cooked Poultry and electric car charging facilities at the majority of sites.

Sustainability

We have made further meaningful progress during the period in delivering our 'Second Nature' sustainability strategy which underpins our ambition to be the world's most sustainable meat business.

As part of our journey to achieve Net Zero greenhouse gas emissions by 2040, we have set a validated 1.5 degree aligned Science Based Targets (SBTi) across Scope 1 (direct), 2 (power-related) and 3 (indirect) to reduce emissions by 50% across our entire value chain by 2030.

We announced recently that all 14 of our eligible manufacturing sites had been certified as carbon neutral to the PAS2060 standard which verifies the carbon reduction programme implemented to date and approves plans to further reduce emissions. We also announced that going forward we have committed to purchasing 100% certified deforestation-free soya which is expected to result in a c.20% reduction in carbon compared with the previous system. This will be achieved by moving the 50% of soya we source from South America to a 'Full Mass Balance' system. The remaining 50% is already purchased from deforestation-free sources in North America.

A new sustainability linked banking facility was successfully agreed on 22 November 2021. This facility links the margin payable to the achievement of certain annual sustainability targets linked to the Group's Science Based Targets. Further details of the facility are provided in the Finance review below.

Finance review

Revenue
Reported revenue increased by 6.6% to £993.1m. Like-for-like revenue, excluding the contribution from acquisitions in the period, increased by 6.4%.

Adjusted Group operating profit
Adjusted Group operating profit increased by 12.3% to £69.6m (2020: £62.0m). Adjusted Group operating margin at 7.0% of sales was 35bps ahead of the prior period and in line with FY21 full year.

Finance costs
Net financing costs at £1.3m were in line with the first half of the prior year.

On 22 November 2021, the Group successfully refinanced its banking facility. The new sustainability linked agreement is unsecured and runs to November 2025 with the option to extend by a further year and comprises a revolving credit facility of £250m, including a committed overdraft of £20m. It also includes the option to access a further £50m on the same terms at any point during the term of the agreement. The facility provides the business with generous headroom for the future. This facility replaces the previous £160m revolving credit facility and £40m of short-term bilateral loans.

Adjusted profit before tax
Adjusted profit before tax was 12.5% higher at £68.3m (2020: £60.7m).

Taxation
The tax charge of £12.6m gives an effective tax rate of 19.9% (2020: 20.1%). The effective tax rate is higher than the UK statutory rate of corporation tax of 19.0% (2020: 19.0%) mainly due to the impact of depreciation on assets not qualifying for tax relief. The effective tax charge is also impacted by the 130% “super deduction” for investment in qualifying plant and machinery from 1 April 2021 to 31 March 2023. The additional 30% super deduction reduces the effective rate of tax but this is primarily offset by the corresponding deferred tax liability arising on those assets, which is expected to unwind at 25%, following the substantive enactment of the 25% UK corporation tax rate, effective from 1 April 2023.

Adjusted earnings per share
Adjusted earnings per share for the six months to 25 September 2021 rose by 11.5% to 103.5p compared to the 92.8p reported in the corresponding period in the prior year. The average number of shares in issue was 52,796,000 (2020: 52,361,000).

Statutory profit measures
Statutory profit before tax increased by 17.7% to £63.2m (2020: £53.7m), statutory Group operating profit was 17.3% higher at £64.5m (2020: £55.0m) and statutory earnings per share were up 16.8% at 95.7p (2020: 81.9p). Full reconciliations of these results to the adjusted measures can be found in Note 14.

Cash flow and net debt
Cash generated from operations in the period was £83.4m (2020: £101.6m), reflecting higher adjusted Group operating profit offset by a working capital outflow of £18.3m (2020: £3.7m inflow). Net debt, including the impact of IFRS 16 lease liabilities, decreased by £5.2m in the six-month period to £87.2m from £92.4m at 27 March 2021 reflecting the strong operational performance of the business. Capital expenditure was £40.5m in the period. The Group’s balance sheet continues to be conservatively managed.

Pensions
The Group operates defined contribution pension schemes whereby contributions are made to schemes administered by major insurance companies. Contributions to these schemes are determined as a percentage of employees’ earnings. The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The surplus on this scheme at 25 September 2021 was £8.4m compared to £5.7m at 27 March 2021. Cash contributions to the scheme during the period were £0.9m. The present value of funded obligations was £36.8m, and the fair value of plan assets was £45.2m. The increase in the surplus during the period reflects the impact of employer contributions and the update to actuarial assumptions in relation to inflation and the liability discount rate.

The valuation of the defined benefit pension liability is dependent upon market conditions and actuarial methods and assumptions (including mortality assumptions). Such changes in actuarial assumptions and the performance of the funds may result in changes to amounts charged or released through the income statement and the Group may be required to pay increased pension contributions in the future. The Board regularly reviews its pension strategy with reference to the value of assets and liabilities under the pension scheme as well as the potential impact of changes in actuarial assumptions.

Principal risks and uncertainties

The Board continues to assess the principal risks and uncertainties of the Group on a frequent basis. This includes monitoring the continued risk the COVID-19 pandemic has on the business. The principal risks and uncertainties faced by the business at 27 March 2021 are set out on pages 60 to 63 of the Report & Accounts for the 52 weeks ended 27 March 2021, dated 18 May 2021, a copy of which is available on the Group's website. An update to these principal risks and uncertainties at 25 September 2021 is set out in note 15.

Forward looking information

This interim report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them at the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

Group income statement (unaudited)

for the 26 weeks ended 25 September 2021

	Notes	Half year 2021 £'m	Half year 2020 £'m	52 weeks ended 27 March 2021 (Audited) £'m
Revenue		**993.1**	931.6	1,898.4
Adjusted Group operating profit		**69.6**	62.0	132.5
Net IAS 41 valuation movement on biological assets		**(3.2)**	(5.3)	(11.4)
Amortisation of acquired intangible assets		**(1.9)**	(1.7)	(3.5)
Group operating profit	*5*	**64.5**	55.0	117.6
Finance costs		**(1.3)**	(1.3)	(2.8)
Profit before tax		**63.2**	53.7	114.8
Taxation	*6*	**(12.6)**	(10.8)	(22.3)
Profit for the period		**50.6**	42.9	92.5

Earnings per share (pence)				
On profit for the period:				
Basic	*7*	**95.7**	81.9	176.4
Diluted	*7*	**95.2**	81.5	175.6

Group statement of comprehensive income (unaudited)

for the 26 weeks ended 25 September 2021

	Half year		52 weeks ended 27 March
	2021	2020	2021 (Audited)
	£'m	£'m	£'m
Profit for the period	**50.6**	42.9	92.5
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
Gains arising in the period	**0.2**	0.8	0.2
Reclassification adjustments for gains included in the income statement	**-**	(0.4)	(0.4)
Income tax effect	**-**	(0.1)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**0.2**	0.3	(0.2)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit pension scheme	**1.7**	(4.2)	(3.4)
Income tax effect	**(0.8)**	0.8	0.6
Net other comprehensive income not being reclassified to profit or loss in subsequent periods	**0.9**	(3.4)	(2.8)
Other comprehensive income, net of tax	**1.1**	(3.1)	(3.0)
Total comprehensive income, net of tax	**51.7**	39.8	89.5

Group balance sheet (unaudited)

at 25 September 2021

	Notes	Half year 2021 £'m	Half year 2020 £'m	As at 27 March 2021 (Audited) £'m
Non-current assets				
Intangible assets		**210.4**	205.6	203.8
Defined benefit pension scheme surplus		**8.4**	4.0	5.7
Property, plant and equipment		**395.2**	364.5	376.7
Right-of-use assets		**65.4**	65.1	68.8
Biological assets		**1.2**	1.6	2.4
Total non-current assets		**680.6**	640.8	657.4
Current assets				
Biological assets		**46.7**	**43.7**	41.1
Inventories		**89.9**	**87.0**	81.8
Trade and other receivables		**236.4**	**216.5**	221.7
Income tax receivable		**-**	**0.4**	-
Financial assets		**0.2**	**0.7**	0.9
Cash and short-term deposits	*11*	**6.4**	**25.0**	39.0
Total current assets		**379.6**	**373.3**	384.5
Total assets		**1,060.2**	**1,014.1**	1,041.9
Current liabilities				
Trade and other payables		**(228.6)**	**(214.3)**	(217.2)
Lease liabilities		**(12.8)**	**(9.6)**	(12.5)
Financial liabilities		**(3.0)**	**(7.1)**	(1.0)
Provisions		**(1.3)**	**(0.1)**	(0.1)
Income tax payable		**(0.6)**	**-**	(1.4)
Total current liabilities		**(246.3)**	**(231.1)**	(232.2)
Non-current liabilities				
Other payables		**(0.9)**	**(1.1)**	(0.8)
Lease liabilities		**(55.8)**	**(57.5)**	(59.1)
Financial liabilities		**(25.0)**	**(79.6)**	(59.8)
Deferred tax liabilities		**(13.4)**	**(5.5)**	(2.7)
Provisions		**(1.2)**	**(1.2)**	(1.2)
Total non-current liabilities		**(96.3)**	**(144.9)**	(123.6)
Total liabilities		**(342.6)**	**(376.0)**	(355.8)
Net assets		**717.6**	**638.1**	686.1
Equity				
Called-up share capital		**5.3**	**5.2**	5.3
Share premium account		**109.5**	**101.5**	106.4
Share-based payments		**40.8**	**34.5**	37.4
Hedging reserve		**0.1**	**0.4**	(0.1)
Retained earnings		**561.9**	**496.5**	537.1
Equity attributable to owners of the parent		**717.6**	**638.1**	686.1

Group statement of cash flows (unaudited)

for the 26 weeks ended 25 September 2021

	Notes	Half year 2021 £'m	Half year 2020 £'m	52 weeks ended 27 March 2021 (Audited) £'m
Operating activities				
Profit for the period		**50.6**	42.9	92.5
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:				
Income tax expense		**12.6**	10.8	22.3
Net finance costs		**1.3**	1.3	2.8
(Gain)/loss on sale of property, plant and equipment		**(0.1)**	(0.2)	0.1
Depreciation of property, plant and equipment		**23.2**	28.5	51.9
Depreciation of right-of-use assets		**6.5**	5.7	12.3
Amortisation of acquired intangibles		**1.9**	1.7	3.5
Share-based payments		**3.4**	2.9	6.0
Difference between pension contributions paid and amounts recognised in the income statement		**(0.8)**	(0.9)	(2.0)
Release of government grants		**(0.1)**	(0.1)	(0.2)
Net IAS 41 valuation movement on biological assets		**3.2**	5.3	11.4
Increase in biological assets		**(7.6)**	(4.9)	(9.2)
Increase in inventories		**(7.9)**	(11.5)	(6.3)
Increase in trade and other receivables		**(13.5)**	(2.8)	(7.8)
Increase in trade and other payables		**10.7**	22.9	26.2
Cash generated from operations		**83.4**	101.6	203.5
Tax paid		**(4.0)**	(10.7)	(22.1)
Net cash from operating activities		**79.4**	90.9	181.4
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	*9*	**(5.6)**	(4.0)	(10.7)
Purchase of property, plant and equipment		**(40.5)**	(35.2)	(71.9)
Proceeds from sale of property, plant and equipment		**0.7**	0.4	0.6
Receipt of government grants		**-**	0.2	0.2
Net cash used in investing activities		**(45.4)**	(38.6)	(81.8)
Cash flows from financing activities				
Interest paid		**(0.3)**	(0.3)	(0.5)
Proceeds from issue of share capital		**1.0**	0.5	3.0
Repayment of borrowings	*11*	**(35.0)**	(23.0)	(43.0)
Dividends paid		**(25.0)**	(20.3)	(27.9)
Payment of lease capital		**(6.2)**	(4.6)	(11.4)
Payment of lease interest		**(1.1)**	(1.1)	(2.3)
Net cash used in financing activities		**(66.6)**	(48.8)	(82.1)
Net (decrease)/increase in cash and cash equivalents	*11*	**(32.6)**	3.5	17.5
Cash and cash equivalents at beginning of period	*11*	**39.0**	21.5	21.5
Cash and cash equivalents at end of period	*11*	**6.4**	25.0	39.0

Group statement of changes in equity (unaudited)

for the 26 weeks ended 25 September 2021

	Share capital £'m	Share premium £'m	Share-based payments £'m	Hedging reserve £'m	Retained earnings £'m	Total equity £'m
At 27 March 2021	5.3	106.4	37.4	(0.1)	537.1	686.1
Profit for the period	-	-	-	-	50.6	50.6
Other comprehensive income	-	-	-	0.2	0.9	1.1
Total comprehensive income	-	-	-	0.2	51.5	51.7
Share-based payments	-	-	3.4	-	-	3.4
Scrip dividend	-	2.1	-	-	-	2.1
Share options exercised	-	1.0	-	-	-	1.0
Dividends	-	-	-	-	(27.1)	(27.1)
Deferred tax relating to changes in equity	-	-	-	-	(0.1)	(0.1)
Corporation tax relating to changes in equity	-	-	-	-	0.5	0.5
At 25 September 2021	**5.3**	**109.5**	**40.8**	**0.1**	**561.9**	**717.6**
At 29 March 2020	5.2	98.5	31.6	0.1	479.1	614.5
Profit for the period	-	-	-	-	42.9	42.9
Other comprehensive income	-	-	-	0.3	(3.4)	(3.1)
Total comprehensive income	-	-	-	0.3	39.5	39.8
Share-based payments	-	-	2.9	-	-	2.9
Scrip dividend	-	2.5	-	-	-	2.5
Share options exercised	-	0.5	-	-	-	0.5
Dividends	-	-	-	-	(22.8)	(22.8)
Deferred tax relating to changes in equity	-	-	-	-	(0.1)	(0.1)
Corporation tax relating to changes in equity	-	-	-	-	0.8	0.8
At 26 September 2020	5.2	101.5	34.5	0.4	496.5	638.1
(Audited)						
At 28 March 2020	5.2	98.5	31.6	0.1	479.1	614.5
Profit for the year	-	-	-	-	92.5	92.5
Other comprehensive income	-	-	-	(0.2)	(2.8)	(3.0)
Total comprehensive income	-	-	-	(0.2)	89.7	89.5
Share-based payments	-	-	6.0	-	-	6.0
Scrip dividend	-	4.8	-	-	-	4.8
Share options exercised	0.1	2.9	-	-	-	3.0
Share transfer	-	0.2	(0.2)	-	-	-
Dividends	-	-	-	-	(32.7)	(32.7)
Deferred tax relating to changes in equity	-	-	-	-	0.4	0.4
Corporation tax relating to changes in equity	-	-	-	-	0.6	0.6
At 27 March 2021	5.3	106.4	37.4	(0.1)	537.1	686.1

Responsibility statement

The directors confirm that these condensed interim financial statements 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 and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of 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 in the first six months and any material changes in the related-party transactions described in the last annual report.

On behalf of the Board

Tim Smith	**Mark Bottomley**
Chairman	Chief Financial Officer

23 November 2021

Notes to the interim accounts

1. Basis of preparation

The Group is presenting its condensed consolidated interim financial statements for the 26 weeks to 25 September 2021 with comparative information for the 26 weeks to 26 September 2020 and the 52 weeks to 27 March 2021. This interim report was approved by the Directors on 23 November 2021.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constituted a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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 sourcebook of the United Kingdom's Financial Conduct Authority.

The information does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the 52 weeks ended 27 March 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The Group financial statements were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have been filed with the Registrar of Companies.

The report of the auditors on the statutory accounts was not qualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The interim report is unaudited but has been subject to an independent review by PricewaterhouseCoopers LLP pursuant to the Auditing Practices Board guidance contained in ISRE 2410 (UK and Ireland) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

1. Basis of preparation (continued)

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance review. The Group has considerable financial resources together with strong trading relationships with its key customers and suppliers. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Board's going concern assessment has utilised the Group's latest forecasts and has taken into account the Group's current position, future prospects and the potential impact of the principal risks of the Group. Sensitivity analysis was carried out on the Group's forecasts to quantify the financial impact of these risks on the strategic plan and on the Group's viability against specific measures including liquidity, credit rating and bank covenants. Modelled risks included, but were not limited to, further impact of the COVID-19 pandemic and an outbreak of African Swine Fever in the UK.

Given the strong liquidity of the Group, the diversity of operations and the £250m of committed bank facilities in place at the time of approving these interim statements, the results of the sensitivity analysis highlighted that the Group would be able to withstand the impact of the most severe, but plausible, combination of the risks modelled by making adjustments to its strategic plan and discretionary expenditure, with strong headroom against available facilities and full covenant compliance in all modelled scenarios.

Based on the results of this analysis, and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

2. Accounting policies

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the financial statements for the 52 weeks ended 27 March 2021 except for:

Taxation

Taxes for the interim periods are accrued using the tax rate that is expected to be applicable to total earnings for the full year based on enacted tax rates at the interim date.

3. Significant estimates and judgements

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 weeks ended 27 March 2021.

This includes assumptions made around goodwill impairment testing. At 27 March 2021, the Livestock cash-generating unit (CGU) was the most sensitive to a reasonably possible change in the key assumptions, on which management based their calculations, which could cause the CGU's carrying amount to exceed its recoverable amount. At 25 September 2021 management have not identified any indicators of impairment. At 27 March 2021, the Livestock CGU's recoverable amount exceeded its carrying value by £21m. The key assumptions used in the calculation were the discount rate and gross margin. A 1.4% increase in the discount rate or a 0.7% reduction in gross margin percentage would have reduced the CGU's recoverable amount to a level equal to its carrying value.

4. Segmental analysis

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker ('CODM'). The Group's CODM is deemed to be the Executive Directors on the Board, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance principally through adjusted profit measures consistent with those disclosed in the Annual Report and Accounts.

For the purposes of managing the business, the Group is organised into one reportable segment, being Food: manufacture and supply of food products to UK grocery retailers, the food service sector and other UK and global food producers.

The reportable segment 'Food' represents the aggregation of four operating segments which are aligned to the product categories of the Group; Fresh Pork, Convenience, Gourmet Products and Poultry, all of which manufacture and supply food products through the channels described above. These operating segments have been aggregated into one reportable segment as they share similar economic characteristics. The economic indicators which have been assessed in concluding that these operating segments should be aggregated include the similarity of long-term average margins; expected future financial performance; and operating and competitive risks. In addition, the operating segments are similar with regard to the nature of the products and production process, the type and class of customer, the method of distribution and the regulatory environment.

The revenue of the Group is not significantly impacted by seasonality.

Geographical segments
The following table sets out revenues by destination, regardless of where the goods were produced:

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
UK	**945.1**	878.8	1,805.3
Continental Europe	**21.4**	25.1	47.0
Rest of world	**26.6**	27.7	46.1
	993.1	931.6	1,898.4

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based meat trading agents totalling £34.4 million (2020: £40.2 million). Including these sales, total sales to export markets were £82.4 million for the year (2020: £93.0 million).

Customer concentration
The Group has three customers (2020: three) which individually account for more than 10 per cent of the Group's total revenue. These customers account for 22 per cent, 16 per cent and 12 per cent respectively. In the prior year these same three customers accounted for 25 per cent, 17 per cent and 10 per cent respectively.

5. Group operating profit

Group operating costs comprise:

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Cost of sales excluding net IAS 41 valuation movement on biological assets	**856.0**	806.6	1,629.2
Net IAS 41 valuation movement on biological assets*	**3.2**	5.3	11.4
Cost of sales	**859.2**	811.9	1,640.6
Gross profit	***133.9***	*119.7*	*257.8*
Selling and distribution costs	**38.5**	34.4	69.0
Administrative expenses excluding amortisation of intangible assets	**29.0**	28.6	67.7
Amortisation of intangible assets	**1.9**	1.7	3.5
Administrative expenses	**30.9**	30.3	71.2
Total operating costs	**928.6**	876.6	1,780.8

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation of adjusted operating profit.

6. Taxation

The tax charge for the period was £12.6m (2020: £10.8m) and represents an effective tax rate of 19.9% (2020: 20.1%). The tax charge for the period was higher than the standard rate of corporation tax primarily due to the impact of disallowed expenses, largely relating to non-qualifying depreciation.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. Deferred tax has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020: 19%).

7. Earnings per share

Basic earnings per share are based on profit for the period attributable to Shareholders and on the weighted average number of shares in issue during the period of 52,796,000 (27 March 2021: 52,469,000, 26 September 2020: 52,361,000). The calculation of diluted earnings per share is based on 53,093,000 shares (27 March 2021: 52,713,000, 26 September 2020: 52,585,000).

8. Dividends

	Half year 2021 £'m	Half year 2020 £'m	52 weeks ended 27 March 2021 £'m
Interim dividend for year ended 27 March 2021 of 18.7p per share	**-**	-	9.8
Final dividend for year ended 27 March 2021 of 51.3p (2020: 43.7p) per share	**27.1**	22.8	22.9
	27.1	22.8	32.7

The interim dividend for the year ending 26 March 2022 of 20.0p per share was approved by the Board on 23 November 2021 for payment to Shareholders on 28 January 2022 and therefore has not been included as a liability at 25 September 2021.

9. Acquisitions

On 18 June 2021, the Group acquired 100 per cent of the issued share capital of Atlantica UK Limited, an importer of Continental foods. On 3 August 2021, the Group acquired 100 per cent of the share capital of Ramona's Kitchen Limited, a producer of dips and Mediterranean foods. The two businesses were acquired for a combined initial cash consideration of £6.4m.

The following table sets out the fair values of the identifiable assets and liabilities acquired by the Group in relation to Atlantica UK Limited and Ramona's Kitchen. The fair values have been provisionally determined at the balance sheet date.

	Provisional fair value £'m
Net assets acquired:	
Customer relationships	2.6
Trademark	1.0
Property, plant and equipment	0.3
Right-of-use asset	0.2
Inventories	0.2
Trade and other receivables	1.0
Bank and cash balances	0.8
Trade and other payables	(0.5)
Lease liability	(0.2)
Corporation tax liability	(0.1)
Deferred tax liability	(0.9)
	4.4
Goodwill arising on acquisition	4.9
Total consideration	9.3
Satisfied by:	
Initial cash consideration	6.4
Deferred contingent consideration	2.9
	9.3
Net cash outflow arising on acquisition:	
Cash consideration paid	6.4
Cash and cash equivalents acquired	(0.8)
	5.6

9. Acquisitions (continued)

The fair values on acquisition are provisional due to the timing of the transactions and will be finalised within twelve months of the acquisition dates.

All of the trade receivables acquired are expected to be collected in full.

Included in the £4.9m of goodwill recognised above are certain intangible assets that cannot be individually separated from the acquirees and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce.

Transaction costs in relation to the acquisitions of £0.2m have been expensed within administrative expenses.

From the date of acquisition to 25 September 2021, the combined external revenues of Atlantica UK Limited and Ramona's Kitchen Limited were £1.7m and the businesses contributed net profit after tax of £0.2m to the Group. Had the acquisitions taken place at the beginning of the financial year revenue would have been £3.9m with profit after tax of £0.5m.

Contingent Consideration

The agreement includes contingent consideration payable in cash to the previous owners of Atlantica UK Limited and Ramona's Kitchen Limited based on the performance of the businesses in the period to 30 June 2024. The amount payable will be between £nil and £3m.

The fair value of the contingent consideration on acquisition was estimated at £2.9m and was estimated calculating the present value of the future expected cashflows.

10. Financial instruments

The Group's activities expose it to a number of financial risks which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board considers the Group's financial instruments risk management strategy to be the same as described within the Directors' Report on page 112 of the Report & Accounts for the 52 weeks ended 27 March 2021.

Fair value of financial instruments

All financial instruments are shown in the balance sheet at fair value as follows:

	Half year					
	2021		2020		52 weeks ended 27 March 2021	
	Book value £'m	**Fair value £'m**	Book value £'m	Fair value £'m	Book value £'m	Fair value £'m
Forward currency contracts	**(0.1)**	**(0.1)**	(0.6)	(0.6)	0.1	0.1
Deferred consideration	**2.9**	**2.9**	7.0	7.0	-	-

The book value of trade and other receivables, trade and other payables, cash balances, overdrafts and amounts outstanding under the revolving credit facility equates to fair value to the Group.

Reconciliation of deferred consideration:

	£'m
At 27 March 2021	-
Accrued in the period	2.9
At 25 September 2021	**2.9**

10. Financial instruments (continued)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. There were no such transfers in the period.

The Group's forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group's bankers from their proprietary valuations models and are based on mid-market levels as at close of business on the Group's reporting date.

Deferred consideration was measured using Level 3 of the fair value hierarchy and related to future amounts payable on acquisitions. Amounts payable were based on agreements within purchase contracts, management's expectations of the future profitability of the acquired entity and the timings of the payments.

11. Analysis of Group net debt

	At 27 March 2021 £'m	Cash flow £'m	Non-cash movements £'m	**At 25 September 2021 £'m**
Cash and cash equivalents	39.0	(32.6)	-	**6.4**
Revolving credit	(59.8)	35.0	(0.2)	**(25.0)**
Net debt excluding IFRS 16 leases liability	(20.8)	2.4	(0.2)	**(18.6)**
Lease liabilities	(71.6)	7.3	(4.3)	**(68.6)**
Total net debt	(92.4)	9.7	(4.5)	**(87.2)**

Net debt is defined as cash and cash equivalents and loans receivable less interest-bearing liabilities (including IFRS 16 lease liabilities) net of unamortised issue costs.

12. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with its subsidiaries which are related parties. Balances and transactions with subsidiaries are eliminated on consolidation.

13. Property, plant and equipment

Additions to owned property, plant and equipment during the period totalled £42.0m (2020: £35.5m). Future capital expenditure under contract at 25 September 2021 was £27.8m (2020: £15.8m).

Additions to right-of-use assets in the period totalled £3.2m (2020: £6.0m). At 25 September 2021, the Group had no signed leases for right-of-use assets which commence after the balance sheet date (2020: £0.4m).

14. Alternative performance measures

The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain non-cash items including the net IAS 41 valuation movement on biological assets and amortisation of acquired intangible assets and, where relevant, profit on sale of a business and goodwill impairment charges. Free cash flow is defined as net cash from operating activities less net interest paid and like-for-like revenue is defined as total revenue less revenue from entities acquired during the year.

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill and profit on sale of a business) and non-cash (amortisation of acquired intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides these same stakeholders with a clearer understanding of the organic sales growth of the business.

A reconciliation to relevant GAAP measures is given below:

Free cash flow

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Net cash from operating activities	**79.4**	90.9	181.4
Net interest paid	**(0.3)**	(0.3)	(0.5)
Free cash flow	**79.1**	90.6	180.9

Like-for-like revenue

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Revenue	**993.1**	931.6	1,898.4
Current year acquisitions	**(1.7)**	-	-
Like-for-like revenue	**991.4**	931.6	1,898.4

Adjusted gross profit

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Gross profit	**133.9**	119.7	257.8
Net IAS 41 valuation movement on biological assets	**3.2**	5.3	11.4
Adjusted gross profit	**137.1**	125.0	269.2

14. Alternative performance measures (continued)

Adjusted Group operating profit and adjusted EBITDA

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Group operating profit	**64.5**	55.0	117.6
Net IAS 41 valuation movement on biological assets	**3.2**	5.3	11.4
Amortisation of acquired intangible assets	**1.9**	1.7	3.5
Adjusted Group operating profit	**69.6**	62.0	132.5
Depreciation of plant, property and equipment	**23.2**	28.5	51.9
Depreciation of right-of-use assets	**6.5**	5.7	12.3
Adjusted EBITDA	**99.3**	96.2	196.7

Adjusted profit before tax

	Half year		52 weeks ended 27 March
	2021	2020	2021
	£'m	£'m	£'m
Profit before tax	**63.2**	53.7	114.8
Net IAS 41 valuation movement on biological assets	**3.2**	5.3	11.4
Amortisation of acquired intangible assets	**1.9**	1.7	3.5
Adjusted profit before tax	**68.3**	60.7	129.7

Adjusted earnings per share

On adjusted profit for the period:	Half year				52 weeks ended 27 March	
	2021 Basic pence	**2021 Diluted pence**	2020 Basic pence	2020 Diluted pence	2021 Basic pence	2021 Diluted pence
On profit for the period	**95.7**	**95.2**	81.9	81.5	176.4	175.6
Net IAS 41 valuation movement on biological assets	**6.0**	**6.0**	10.1	10.1	21.7	21.7
Tax on net IAS 41 valuation movement on biological assets	**(1.1)**	**(1.1)**	(1.9)	(1.9)	(4.1)	(4.1)
Amortisation of acquired intangible assets	**3.6**	**3.6**	3.3	3.3	6.6	6.6
Tax on amortisation of acquired intangible assets	**(0.7)**	**(0.7)**	(0.6)	(0.6)	(1.3)	(1.3)
On adjusted profit for the period	**103.5**	**103.0**	92.8	92.4	199.3	198.5

15. Principal risks and uncertainties

The Group has a structured and mature approach to risk management which facilitates the identification, evaluation and mitigation of key risks facing the business. The principal risks and uncertainties facing the Group are set out in detail on pages 60 to 63 of the Report & Accounts for the 52 weeks ended 27 March 2021, dated 18 May 2021 a copy of which is available on the Group's website.

These risks include:

- Reliance on key customers & exports
- Disease & infection within livestock
- Consumer demand
- Recruitment & retention of senior management
- Climate change
- Food scares & product contamination
- Disruption to Group operations
- Growth & change
- Labour availability & cost
- COVID-19 pandemic
- Brexit disruption
- Competitor activity
- Health & Safety
- Interest rate, currency, liquidity & credit risk
- IT systems & cyber security
- Pig meat availability & price

The Board considers the principal risks and uncertainties at September 2021 to be the same as those described in the Report & Accounts for the 52 weeks ended 27 March 2021. However, to provide greater focus, the potential impacts to the Group of adverse media attention has been classified as a Principal Risk at 25 September 2021, rather than being previously embedded within the risk registers. The Group continues to monitor the COVID-19 risk and in particular the impact of recent rising infection rates, the effectiveness of the booster program and the potential for infection rates to spike over the winter months.

16. Events after the balance sheet date

Bank facility

On 22 November 2021, the Group refinanced its banking facility, taking out a new agreement with Lloyds Bank plc, National Westminster Bank plc, HSBC UK Bank plc, Rabobank London and Bank of China Limited, with Lloyds Bank plc acting as agent and HSBC UK Bank plc acting as sustainability coordinator.

The new facility, which runs to November 2025 with the potential to extend for a further year, comprises a revolving credit facility of £250m, including a committed overdraft facility of £20m, with an option to extend the facility by a further £50m on the same terms.

Independent review report to Cranswick plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Cranswick plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of Cranswick plc for the 26 week period ended 25 September 2021 (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.

What we have reviewed

The interim financial statements comprise:

- the Group balance sheet as at 25 September 2021;
- the Group income statement and the Group statement of comprehensive income for the period then ended;
- the Group statement of cash flows for the period then ended;
- the Group 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 interim results of Cranswick 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. 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 interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
23 November 2021