THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom, or authorised or exempted under the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland (as amended) or the Investment Intermediaries Act 1995 of Ireland (as amended) if you are resident in Ireland or from another appropriately authorised independent professional adviser if you are taking advice in a territory outside the United Kingdom or Ireland.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Greencore Shares, please send this Circular, together with the accompanying documents (except for the personalised form of proxy for use by Registered Shareholders, as defined below (the "**Form of Proxy**")), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, neither this Circular nor any accompanying documents should be released, forwarded, distributed, transmitted or sent (in whole or in part) in, into or from any jurisdiction where such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or otherwise transferred part only of your holding of Greencore Shares, please retain this Circular and accompanying documents and immediately contact the stockbroker, bank or other agent through whom the sale or transfer was effected. If you receive this Circular as a purchaser or transferee from another person, please contact Greencore's share registrar, Computershare Investor Services (Ireland) Limited (our "**Share Registrar**") for a Form of Proxy using the contact details on page 73 of this Circular.

The release, publication or distribution of this Circular and any accompanying documents (in whole or in part) in, into or from jurisdictions other than the United Kingdom and Ireland, the allotment and issue of the New Greencore Shares to persons in jurisdictions other than Ireland and the admission of the New Greencore Shares to trading in jurisdictions other than the United Kingdom, may be restricted by the laws of those jurisdictions and therefore persons outside the United Kingdom and Ireland into whose possession this Circular and/or any accompanying document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation, or may otherwise intend, to forward this Circular to any jurisdiction outside the United Kingdom and Ireland should seek appropriate advice before taking any action.

Greencore Group Plc

(a public limited company incorporated and registered in Ireland with registered number 170116)

Proposed recommended acquisition of Bakkavor Group plc
by means of a scheme of arrangement under Part 26 of the Companies Act 2006

Circular to Greencore Shareholders

and

Notice of Greencore Extraordinary General Meeting

This Circular has been prepared for the purposes of complying with the laws of England and Wales and Ireland, including the UK Listing Rules and the Irish Companies Act, and the information disclosed herein may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom and Ireland. This document is a shareholder circular prepared in accordance with the UK Listing Rules and approved by the FCA. This document is not a prospectus and neither it, nor any of the accompanying documents, constitute or are intended to constitute or form part of any offer, invitation or solicitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue any securities, or the solicitation of any vote or approval in connection with the Acquisition or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

This Circular has been published solely in connection with the Acquisition. The Acquisition will be made solely through the Scheme Document, which contains the full terms and conditions of the Acquisition. This Circular is a reverse takeover circular for the purposes of the UK Listing Rules and contains a notice convening the Greencore General Meeting for the purposes of the UK Listing Rules and the Irish Companies Act. A prospectus relating to Greencore, the Acquisition, the New Greencore Shares and the Admission, prepared in accordance with and as required by the Prospectus Regulation Rules and subject to the prior approval of the FCA, will be published in due course. Greencore Shareholders are urged to read the Prospectus carefully when it becomes available because it will contain important information relating to the New Greencore Shares, the Admission and the Combined Group.

This Circular, the Prospectus (when available) and any accompanying documents do not constitute a prospectus for the purpose of the Irish Companies Act, the Prospectus Regulation (EU) 2017/1129, the European Union (Prospectus) Regulations 2019 of Ireland or the Central Bank (Investment Market Conduct) Rules 2019 of Ireland issued by the Central Bank of Ireland, and have not been approved by the Central Bank of Ireland or any other "competent authority" (as such term is defined in the Prospectus Regulation (EU) 2017/1129 (as amended)).

This Circular should be read as a whole and in conjunction with the Form of Proxy. Your attention is drawn to the Letter from the Chair which is set out in Part I – *Letter from the Chair of Greencore* of this Circular. The letter contains a unanimous recommendation from the Greencore Directors that you vote in favour of each of the Greencore Resolutions to be proposed at the Greencore General Meeting in connection with the Acquisition. Your attention is drawn to the risk factors set out in Part II – *Risk Factors* of this Circular, which Greencore Shareholders should carefully consider before deciding whether or not to vote in favour of the Greencore Resolutions to be proposed at the Greencore General Meeting. Please also carefully read the Section entitled "Action to be Taken" on page 16 of this Circular.

Greencore General Meeting

Notice of the Greencore General Meeting, to be held at the Maldron Hotel Dublin Airport, Dublin Airport, Co. Dublin, K67 T6P6, Ireland on 4 July 2025 at 9.30 a.m. (or any adjournment thereof), is set out in Part VI – *Notice of Greencore General Meeting* of this Circular. Your attention is drawn to Notes 2 to 7 (inclusive) of that Part for information on how eligible Greencore Shareholders may exercise their voting rights and submit proxy instructions depending on how they hold their interest in Greencore Shares.

Greencore Shareholders whose names appear on the register of members of Greencore (the "**Register of Members**") (i.e. those who hold their Greencore Shares in book-entry form directly on the Register of Members ("**Registered Shareholders**")) will find enclosed with this Circular the Form of Proxy for use in connection with the Greencore General Meeting. Whether or not you intend to attend the Greencore General Meeting in person, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it, together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, to our Share Registrar at Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Citywest, Dublin 24, D24 AK82, Ireland. You may alternatively appoint a proxy electronically in accordance with Note 4 in Part VI – *Notice of Greencore General Meeting* of this Circular. To be valid, all proxy instructions (whether submitted directly by way of a completed Form of Proxy or electronically) must be submitted as soon as possible so as to reach our Share Registrar, Computershare Investor Services (Ireland) Limited, no later than 9.30 a.m. on 2 July 2025 (or if the Greencore General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting).

The completion and return of a Form of Proxy or the submission of an electronic proxy instruction (or the failure to do so) will not prevent you from attending the Greencore General Meeting, or any adjournment thereof, and voting in person if you so wish and are so entitled.

Greencore Shareholders who hold their interests in shares as Belgian law rights through the Euroclear Bank System or as CREST Depository Interests should review Notes 3, 4, 6 and 7 as applicable in Part VI – *Notice of Greencore General Meeting* of this Circular and consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxies and voting instructions for the Greencore General Meeting through the respective systems.

If you have any questions about this Circular or the Greencore General Meeting, or if you are a Registered Shareholder and are in any doubt as to how to complete the Form of Proxy, please call the Shareholder Helpline between 9.00 a.m. and 5.30 p.m. Monday to Friday (except public holidays in Ireland or England and Wales, as the case may be) on 01 431 9832 (from within Ireland) and +353 1 431 9832 (from outside Ireland). Network providers' costs may vary. Calls to the shareholder helpline from outside Ireland will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline will be unable to give advice on the merits of the Acquisition or to provide financial, tax or investment advice.

Admission

The Greencore Shares are listed on the Equity Shares (Commercial Companies) category of the Official List maintained by the FCA and traded on the Main Market of the London Stock Exchange. The FCA has confirmed that, although the Acquisition is a reverse takeover for the purposes of the UK Listing Rules, the Greencore Shares in issue immediately prior to the Effective Date are not required to be cancelled, in accordance with UK Listing Rule 7.5.12G.

Application will be made by Greencore to the FCA for the New Greencore Shares to be admitted to the Equity Shares (Commercial Companies) category of the Official List and to trading on the Main Market of the London Stock Exchange ("**Admission**"). The New Greencore Shares will be issued as fully paid and will rank *pari passu* in all respects with the existing Greencore Shares in issue. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Greencore Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on the first Business Day following the Effective Date.

General

Greencore Shareholders should only rely on the information contained in this Circular (and, when available, the Prospectus). No person has been authorised to give any information or make any representations other than those contained in, or incorporated into, this Circular and, if given or made, such information or representations must not be relied upon as having been so authorised by Greencore, Bakkavor, the Greencore Directors, the Bakkavor Directors, Rothschild & Co or any other person involved in the Acquisition. Without prejudice to any legal or regulatory obligation on Greencore to publish a supplementary circular, or a supplementary prospectus, neither the delivery of this Circular nor the holding of the Greencore General Meeting, nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Greencore Group or the Bakkavor Group since the date of this Circular or that the information in, or incorporated into, this Circular is correct as at any time after its date.

Recipients of this Circular may not reproduce or distribute this Circular, in whole or in part, and may not disclose any of the contents of this Circular or use any information herein for any purpose other than considering the Acquisition. Such recipients of this Circular agree to the foregoing by accepting delivery of this Circular.

Capitalised terms have the meanings ascribed to them in Part V – *Definitions* of this Circular. Without limitation, the contents of Greencore and Bakkavor's websites do not form part of this Circular.

This Circular is dated 12 June 2025.

Disclaimers

N.M. Rothschild & Sons Limited ("**Rothschild & Co**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Greencore and no one else in connection with the matters set out in this Circular and will not be responsible to anyone other than Greencore in respect of protections that may be afforded to clients of Rothschild & Co or for providing advice in relation to the matters referred to in this Circular. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Circular, any statement contained herein or otherwise.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Rothschild & Co by the FCA or under FSMA, or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Rothschild & Co nor any person affiliated with them assumes any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of this document, including its accuracy, completeness or verification, or for any other statement in connection with Greencore, the Acquisition or Admission made or purported to be made by Rothschild & Co or on its behalf, Greencore or any other person and nothing contained in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Rothschild & Co (together with its affiliates) disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this document or any such statement.

Numis Securities Limited ("**Deutsche Numis**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Greencore and no one else in connection with the matters set out in this Circular and will not regard any other person as its client in relation to the matters in this Circular and will not be responsible to anyone other than Greencore for providing the protections afforded to clients of Deutsche Numis, nor for providing advice in relation to any matter referred to herein. Neither Deutsche Numis nor any of its affiliates (nor any of their respective directors, officers, employees or agents), owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this Circular, any statement contained herein or otherwise.

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (either individually or collectively "**Shore Capital**"), which are authorised and regulated in the United Kingdom by the FCA, are acting exclusively for Greencore and no one else in connection with the matters set out in this Circular and will not regard any other person (whether or not a recipient of this Circular) as their client in relation to the matters set out in this Circular and will not be responsible to anyone other than Greencore for providing the protections afforded to their clients, nor for providing advice, in relation to the matters set out in this Circular or any other matter referred to in this Circular. Neither Shore Capital, nor any of its affiliates (nor any of their respective directors, officers, employees or agents), owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Shore Capital in connection with this Circular, any statement contained herein or otherwise. The responsibilities of Shore Capital as Greencore's joint broker are owed to the London Stock Exchange and not to any other person.

Goodbody Stockbrokers UC ("**Goodbody**") is authorised and regulated in the United Kingdom by the Financial Conduct Authority and in Ireland, Goodbody is authorised and regulated by the Central Bank of Ireland. Goodbody is acting exclusively for Greencore and no one else in connection with the matters set out in this Circular. Goodbody will not regard any other person as its client in relation to the matters set out in this Circular or any other matter or arrangement set out in this Circular and will not be responsible to anyone other than Greencore for providing the protections afforded to clients of Goodbody, nor for providing advice in relation to the matters referred to in this Circular. Neither Goodbody nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Goodbody in connection with this Circular, any statement contained herein or otherwise.

Additional information for US shareholders

The Greencore Shares (including the New Greencore Shares), unless Greencore otherwise elects in the event of a Takeover Offer, have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The New Greencore Shares to be issued to Bakkavor Shareholders pursuant to the Acquisition are expected to be issued in reliance upon an exemption from the registration requirements of the US Securities Act afforded by section 3(a)(10) thereof and exemptions from registration and qualification under applicable state securities laws. Bakkavor Shareholders who will be affiliates (within the meaning of the US Securities Act) of Greencore or Bakkavor prior to, or of Greencore after, the Effective Date will be subject to certain US transfer restrictions relating to the New Greencore Shares received in connection with the Scheme. If, in the future, Greencore exercises its right to implement the Acquisition by way of a Takeover Offer and determines to extend such Takeover Offer in the United States, such Takeover Offer will be made in compliance with the applicable US laws and regulations, including the registration requirements of the US Securities Act, and the tender offer rules under the US Exchange Act and any applicable exemptions provided thereunder. Such a Takeover Offer would be made in the United States by Greencore and no one else.

The Greencore Shares (including the New Greencore Shares) have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Circular. Any representation to the contrary is a criminal offence in the United States.

Overseas shareholders

The New Greencore Shares have not been, and will not be, registered under the applicable securities laws of any jurisdiction outside the United Kingdom. Accordingly, the New Greencore Shares may not be offered, sold, delivered or otherwise transferred, directly or indirectly, in, into or from any such jurisdiction, or to, or for, the account or benefit of citizens or residents of any such jurisdiction, except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions or as otherwise permitted under the applicable securities laws of those jurisdictions. Greencore Shareholders outside the United Kingdom are required by Greencore to inform themselves about and observe any restrictions on the offer, sale or transfer of the New Greencore Shares.

No action has been taken by Greencore or Rothschild & Co to obtain any approval, authorisation or exemption to permit the allotment or issue of the New Greencore Shares or the possession or distribution of this Circular (or any other publicity material relating to the New Greencore Shares) from any regulatory authority in any jurisdiction other than the United Kingdom.

Unless otherwise determined by Greencore or required by and permitted by applicable law and regulation, the Acquisition will not be implemented and documentation relating to the Acquisition shall not be made available, directly or indirectly, in, into or from an excluded territory where to do so would violate the laws of that jurisdiction (an "**Excluded Territory**") and no person may vote their Greencore Shares with respect to the Acquisition at the Greencore General Meeting, or execute and deliver Forms of Proxy appointing another to vote at the Greencore General Meeting on their behalf, by any use, means, instrumentality or form within an Excluded Territory or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

Accordingly, copies of this Circular are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Excluded Territory and persons with access to this Circular and any other documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Excluded Territory. Persons who are not resident in the United Kingdom or Ireland or who are subject to the laws and/or regulations of another jurisdiction should inform themselves of, and should observe, any applicable requirements.

It is the responsibility of each person into whose possession this Circular comes to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the distribution of this Circular, the issuance of the New Greencore Shares and the implementation of the Acquisition and to obtain any governmental, exchange control or other consents which may be required, to comply with other formalities which are required to be observed and to pay any issue, transfer or other taxes due in such jurisdiction. To the fullest extent permitted by applicable law, Greencore, Bakkavor, the Greencore Directors, the Bakkavor Directors, Rothschild & Co and all other persons involved in the Acquisition disclaim any responsibility or liability for the failure to satisfy any such laws, regulations or requirements by any person.

Cautionary Note on Forward-Looking Statements

This Circular (including any accompanying documents), oral statements made regarding the Acquisition and other information published or to be published by Greencore may contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Greencore about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this Circular include, without limitation, statements with respect to the financial condition, dividend policy and industry trends of Greencore, Bakkavor and (following Completion) the Combined Group. Often, but not always, forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and may use forward-looking words, phrases and expressions such as "anticipate", "target", "expect", "believe", "intend", "foresee", "predict", "project", "estimate", "forecast", "plan", "budget", "scheduled", "goal", "hope", "aims", "continue", "likely", "will", "may", "might", "should", "would", "could", "seek", "scheduled", "possible", "potential", "outlook" or other similar words, phrases, and expressions and the negatives of such words, phrases and expressions; provided that the absence thereof does not mean that a statement is not forward-looking. Similarly, statements that describe objectives, plans or goals are or may be forward-looking statements. These statements are based on assumptions and assessments made by Greencore in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate. By their nature, forward-looking statements involve known and unknown risk and uncertainty and other factors which may cause actual results, performance, actions, achievements or developments to differ materially from those expressed in or implied by such, because they relate to events and depend on circumstances that will occur in the future. Although Greencore believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Circular.

There are a number of factors which could cause actual results, performance, actions, achievements or developments to differ materially from those expressed or implied in forward-looking statements. Such factors include, but are not limited to: the ability to proceed with or complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms; changes in the global, political, economic, social, legal, business and competitive environments, in global trade policies, and in market and regulatory forces; the loss of or damage to one or more key customer relationships; changes to customer ordering patterns and consumer behaviour; the failure of one or more key suppliers; changes in future inflation, deflation, exchange and interest rates and fluctuations in food prices; changes in tax and national insurance rates; future business combinations, capital expenditures, acquisitions or dispositions; changes in general and economic business conditions; changes in the behaviour of other market participants; labour disputes and shortages; outcome of pending or future litigation proceedings; the failure to maintain effective internal control over financial reporting or effective disclosure controls and procedures, the inability to remediate one or more material weaknesses, or the discovery of additional material weaknesses, in the internal control over financial reporting; other business, technical and/or operational risks and challenges; food safety and product contamination issues, failure to comply with environmental and health and safety laws and regulations; timing of receipt of, or failure to comply with, necessary notices, concessions, permits and approvals; weak, volatile or illiquid capital and/or credit markets; any public health crises, pandemics or epidemics and repercussions thereof; changes to the Board of Greencore and/or the composition of Greencore's workforce; safety and technology risks; exposures to IT system failures, cyber-crime, fraud and pension scheme liabilities; risks relating to environmental matters such as climate change; changes to law and/or the policies and practices of regulatory and governmental bodies; heightening of the conflict between Ukraine and Russia and the military tensions between Israel, Hamas and Hezbollah and any repercussions thereof; and any cost of living crisis or recession. Other unknown or unpredictable factors could cause actual results, performance, actions, achievements or developments to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results, performance, actions, achievements or developments may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.

Neither Greencore nor any of its respective associates, directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Circular will actually occur. Given the risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Specific reference is made in Part II – *Risk Factors* of this Circular for a more detailed discussion of some of the factors which may affect Greencore's ability to achieve the expectations set forth in the forward-looking statements contained in this Circular.

Greencore does not assume any obligation to update or correct the information contained in this Circular (whether as a result of new information, future events or otherwise), except as required by applicable law (including, without limitation, the Prospectus Regulation Rules, the UK Listing Rules and the DTRs). All subsequent written or oral forward-looking statements attributable to Greencore or any person acting on Greencore's behalf are qualified by the cautionary statements herein.

Market and industry data

Certain information in this Circular has been sourced from third parties. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

All information contained in this document which has been sourced from third parties has been accurately reproduced and, as far as Greencore is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

All references to market data, industry statistics and forecasts and other information in this document consist of estimates based on data and reports compiled by industry professionals, organisations, analysts, publicly available information or Greencore's own knowledge of its sales and markets.

Market data and statistics are inherently speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets may be defined differently, (ii) the underlying information may be gathered by different methods and (iii) different assumptions may be applied in compiling the data. Accordingly, the market statistics included in this document should be viewed with caution.

Presentation of financial information

Unless otherwise stated, the financial information included in this Circular has been extracted without material adjustment from the following sources:

- the unaudited interim consolidated financial statements of the Greencore Group for the 26-week period ended 28 March 2025 (the "**2025 Greencore Interim Financial Statements**");
- the audited consolidated financial statements of the Greencore Group for the 52-week period ended 27 September 2024 included in the Greencore 2024 Annual Report (the "**2024 Greencore Annual Financial Statements**");
- the audited consolidated financial statements of the Bakkavor Group for the 52-week period ended 28 December 2024 (the "**2024 Bakkavor Annual Financial Statements**"); and
- the audited consolidated financial statements of the Bakkavor Group for the 52-week period ended 30 December 2023 (the "**2023 Bakkavor Annual Financial Statements**").

The 2024 Greencore Annual Financial Statements have been prepared in accordance with the Irish Companies Act and both the 2024 Greencore Annual Financial Statements and 2025 Greencore Interim Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

The 2024 Bakkavor Annual Financial Statements and 2023 Bakkavor Annual Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.

Non-IFRS measures of the Greencore Group's and the Bakkavor Group's performance

This Circular contains certain non-IFRS financial measures of the Greencore Group's and the Bakkavor Group's financial performance that are not required by, or presented in accordance with, IFRS. Such non-IFRS measures are included because they are used by the Greencore Group and the Bakkavor Group to measure business performance and the Greencore Directors and Bakkavor Directors respectively believe that these measures help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and security analysts for evaluating performance.

The following non-IFRS financial measures are used in this Circular:

Greencore Group

- Adjusted operating profit
- Adjusted profit before tax

Bakkavor Group

- Adjusted operating profit
- Adjusted operating profit margin
- Operational net debt
- Return on invested capital
- Like-for-like revenue

The meanings of these terms are set out in Part V – *Definitions* of this Circular.

The non-IFRS measures contained in this document should not be considered in isolation from, or as a substitute for, measures presented in accordance with IFRS. In addition, the relevant non-IFRS measures presented by the Greencore Group or the Bakkavor Group may not be comparable to similarly titled measures presented by other businesses, as such businesses may define and calculate such measures differently than the Greencore Group or the Bakkavor Group. Accordingly, undue reliance should not be placed on the non-IFRS measures contained in this document.

Quantified Financial Benefits Statement

Statements of estimated costs savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the costs savings and synergies referred to in the Quantified Financial Benefits Statement may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. No statement in the Quantified Financial Benefits Statement, or this Circular generally, should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of Greencore or Bakkavor for the relevant preceding financial period or any other period.

No profit forecasts or estimates

Other than the Greencore FY25 Profit Forecast (which, with the consent of Bakkavor, the Panel has confirmed constitutes an ordinary course profit forecast for the purposes of Note 2(b) to Rule 28.1 of the Takeover Code to which the requirements of Rule 28.1(c)(i) of the Takeover Code apply), no statement in this Circular (including any statement of estimated cost savings or synergies) is intended as a profit forecast or profit estimate for any period.

Rounding

Certain figures included in this Circular have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Currency

The Greencore Group and the Bakkavor Group prepare their financial statements in pounds sterling. All references to “GBP”, “pounds”, “pounds sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable is based on Greencore's current expectations for the implementation of the Acquisition and is subject to change. In particular, the dates and times associated with the Prospectus and the Scheme are indicative only and subject to change, and the latter will depend on (among other things) the date on which the Conditions to the Scheme are satisfied or (if capable of waiver) waived, the date on which the Court sanctions the Scheme and the date on which the Court Order is delivered to the Registrar of Companies. Any changes to these dates and times, when known, will be notified to Greencore Shareholders by Greencore issuing an announcement through the Regulatory Information Service of the London Stock Exchange.

All times shown are London, United Kingdom times unless otherwise stated.

Event	Time and/or date
Announcement of the Acquisition	7:00 a.m. on 15 May 2025
Posting of the Circular and the Scheme Document	12 June 2025
Voting Record Time in respect of the Greencore General Meeting(1)	6:00 p.m. on 30 June 2025
Latest time and date for receipt of Form of Proxy or electronic proxy instruction for the Greencore General Meeting(2)	9:30 a.m. on 2 July 2025
Latest time and date for receipt of Form of Proxy or electronic proxy instruction for the Bakkavor Court Meeting(3)	3:00 p.m. on 3 July 2025
Latest time and date for receipt of Form of Proxy or electronic proxy instruction for the Bakkavor General Meeting(3)	3:15 p.m. on 3 July 2025
Scheme Voting Record Time in respect of the Bakkavor Court Meeting(3)	6:00 p.m. on 3 July 2025
Voting Record Time in respect of the Bakkavor General Meeting(3)	6:00 p.m. on 3 July 2025
Greencore General Meeting(1)	**9:30 a.m. on 4 July 2025**
Bakkavor Court Meeting(3)	3:00 p.m. on 7 July 2025
Bakkavor General Meeting(4)	3:15 p.m. on 7 July 2025
Publication of the Prospectus(5)	a date expected to be in early 2026 and approximately five Business Days prior to the Scheme Court Hearing
Scheme Court Hearing (to seek sanction of the Scheme)	a date expected to be in early 2026, subject to the satisfaction (or, if applicable, waiver) of the relevant Conditions and, in any event, prior to the Long Stop Date ("**D**")
Scheme Record Time	6:00 p.m. on D+1*
Last day for dealings in, and for registration of transfers of, and disablement in CREST of, Bakkavor Shares	D+1*
Suspension of listing of and dealings in Bakkavor Shares	by 7:30 a.m. on D+2*
Effective Date of the Scheme(6)	**D+2***
Admission and commencement of dealings in New Greencore Shares on the Main Market of the London Stock Exchange(7)	**by 8:00 a.m. on D+3***
	by 8:00 a.m. on D+3*

Event	Time and/or date
Cancellation of listing and admission to trading of Bakkavor Shares on the London Stock Exchange	
CREST accounts of Scheme Shareholders credited with New Greencore Shares	on or as soon as possible after 8:00 a.m. on D+3* but not later than 14 days after the Effective Date of the Scheme
Latest date for consideration to be paid to Scheme Shareholders(8)	within 14 days after the Effective Date of the Scheme
Long Stop Date(9)	11:59 p.m. on 16 November 2026

Notes:

(1) Pursuant to Section 1087G of the Irish Companies Act, only Registered Shareholders whose name appears in the Register of Members of Greencore as at close of business (which shall be deemed to be 6:00 p.m.) on 30 June 2025 (or in the case of an adjournment as at the close of business on the day which is four days before the date of the adjourned meeting) shall be entitled to attend and vote at the Greencore General Meeting in respect of the number of shares registered in their names at the time. Changes to entries in the Register of Members after that time will be disregarded in determining the right of any person to attend and/or vote at the Greencore General Meeting. Registered Shareholders entitled to attend and vote at the Greencore General Meeting are encouraged to ask questions by writing in advance of the Greencore General Meeting either by email to investor.relations@greencore.com or by post to the Group General Counsel and Company Secretary, Greencore Group plc, 4th Floor, Block 2, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 E2H3, Ireland.

(2) In order to be valid, the Form of Proxy for the Greencore General Meeting, together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, must be lodged not later than 9.30 a.m. on 2 July 2025 (or, if the Greencore General Meeting is adjourned, 48 hours prior to the time fixed for the adjourned Greencore General Meeting). Persons who hold their interests in the Greencore Shares as Belgian law rights through the EB System or as CDIs should review Notes 3, 4, 6 and 7 as applicable in Part VI – *Notice of Greencore General Meeting* of this Circular and consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxies and voting instructions for the Greencore General Meeting through the respective systems.

(3) Details in relation to voting, including deadlines for submission of proxy voting instructions and entitlement to vote, at the Bakkavor Court Meeting and the Bakkavor General Meeting can be found in the Scheme Document.

(4) To commence at the time fixed or as soon thereafter as the Bakkavor Court Meeting concludes or is adjourned.

(5) The Prospectus is expected to be published in sufficient time to ensure that the Conditions relating to the acknowledgements by the FCA and the London Stock Exchange in connection with Admission are satisfied prior to the Scheme Court Hearing.

(6) The Scheme shall become Effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies. The events which are stated as occurring on subsequent dates are conditional on the Effective Date and operate by reference to that date.

(7) The FCA has confirmed that, although the Acquisition is a reverse takeover for the purposes of the UK Listing Rules, the Greencore Shares in issue immediately prior to the Effective Date are not required to be cancelled, in accordance with UK Listing Rule 7.5.12G. Application will be made by Greencore to the FCA for the New Greencore Shares to be admitted to the Equity Shares (Commercial Companies) category of the Official List and to trading on the Main Market of the London Stock Exchange ("Admission"). The New Greencore Shares will be issued as fully paid and will rank *pari passu* in all respects with the existing Greencore Shares in issue. It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Greencore Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on the first Business Day following the Effective Date.

(8) This is the latest date on which the CREST accounts of eligible Bakkavor Shareholders can be credited with the New Greencore Shares and the cash portion of the Base Consideration to which they are entitled pursuant to the terms of the Acquisition. Eligible Bakkavor Shareholders will become entitled to the Contingent Value Rights (with no further action or documentation required) upon the Scheme becoming Effective (noting, however, that the timing of payment of the CVR Consideration will be as detailed in paragraph 2 (*Contingent Value Rights*) in Part I – *Letter from the Chair of Greencore* of this Circular). Eligible Bakkavor Shareholders for these purposes are those Bakkavor Shareholders on the register of members of Bakkavor at the Scheme Record Time.

(9) This is the latest date by which the Scheme may become Effective, and may be extended to such later date as may be agreed in writing by Greencore and Bakkavor (with the Panel's consent and Court approval, if such approval(s) are required).

* All dates by reference to "D" will be to the date falling the number of indicated Business Days immediately after date "D" as indicated above.

INDICATIVE SHARE CAPITAL STATISTICS

Number of New Greencore Shares to be issued for each Bakkavor Share	0.604
Number of Greencore Shares in issue at the Latest Practicable Date(1)	441,621,777
Maximum number of New Greencore Shares to be issued to Bakkavor Shareholders(2)	361,902,219
Number of Greencore Shares in issue immediately following Admission (the "**Combined Issued Share Capital**")(3)	829,479,111
New Greencore Shares as a percentage of the Combined Issued Share Capital immediately following Admission	Approximately 44%

Notes:

(1) Number of Greencore Shares in issue as at 10 June 2025, being the latest practicable date prior to the publication of this Circular (the "**Latest Practicable Date**"). As at the Latest Practicable Date, Greencore held no Greencore Shares in treasury.

(2) Assumes a fully diluted share capital of Bakkavor of 599,175,859 Bakkavor Shares, comprising:

- 579,425,585 Bakkavor Shares in issue as at the Latest Practicable Date; *plus*
- 21,185,954 Bakkavor Shares, being the maximum number of which may be issued under the Bakkavor Share Plans as at the Latest Practicable Date; *less*
- 1,435,680 Bakkavor Shares, being the total number of Bakkavor Shares held by the Bakkavor Group plc Employee Benefit Trust that can be used to satisfy the vesting of awards under the Bakkavor Share Plans, as at the Latest Practicable Date.

(3) The Combined Issued Share Capital has been calculated as the sum of:

- 441,621,777 Greencore Shares in issue at the Latest Practicable Date; *plus*
- 31,217,139 Greencore Shares, being the maximum number of which may be issued under the share plans of the Greencore Group as at the Latest Practicable Date; *less*
- 5,262,024 Greencore Shares, being the total number of Greencore Shares held by the employee benefit trust of the Greencore Group that can be used to satisfy the vesting of awards under the share plans of the Greencore Group, as at the Latest Practicable Date; *plus*
- 361,902,219 New Greencore Shares to be issued to Bakkavor Shareholders.

GREENCORE CORPORATE INFORMATION AND ADVISERS

Greencore Directors	Leslie Van de Walle (*Non-Executive Director & Board Chair*) Dalton Philips (*Chief Executive Officer*) Catherine Gubbins (*Chief Financial Officer*) Linda Hickey (*Non-Executive Director*) Alastair Murray (*Non-Executive Director*) Anne O'Leary (*Non-Executive Director*) Helen Rose (*Non-Executive Director*) Harshitkumar (Hetal) Shah (*Non-Executive Director*)
Proposed Directors *(on and from Completion)*	Agust Gudmundsson (*Non-Executive Director*) Lydur Gudmundsson (*Non-Executive Director*)
Company Secretary	Damien Moynagh (*Group General Counsel*)
Registered Office *(before and after Completion)*	Fourth Floor, Block Two Dublin Airport Central Dublin Airport Swords Dublin K67 E2H3 Ireland
Greencore Website	www.greencore.com
Financial Adviser and Sponsor	N.M. Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL United Kingdom
Financial Adviser and Joint Corporate Broker	Numis Securities Limited 45 Gresham Street London EC2V 7BF United Kingdom
Legal Advisers to Greencore	Slaughter and May (as to the Acquisition) One Bunhill Row London EC1Y 8YY United Kingdom Arthur Cox LLP (as to matters of Irish law) Ten Earlsfort Terrace Dublin 2 D02 T380 Ireland
Legal Advisers to the Sponsor	Ashurst LLP London Fruit & Wool Exchange 1 Duval Square London E1 6PW United Kingdom
Auditors	Deloitte Ireland LLP Deloitte & Touche House Earlsfort Terrace Dublin 2 D02 AY28 Ireland

Joint Corporate Brokers	Shore Capital Limited Cassini House 57 St James's Street London SW1A 1LD United Kingdom
	Goodbody Stockbrokers UC 9-12 Dawson Street Dublin 2 D02 YX99 Ireland
Registrar	Computershare Investor Services (Ireland) Limited Unit 3100 Lake Drive Citywest Business Campus Citywest Dublin 24, D24 AK82 Ireland

ACTION TO BE TAKEN

Greencore Shareholders who are Registered Shareholders will find enclosed with this Circular a Form of Proxy for use in connection with the Greencore General Meeting. Whether or not you intend to attend the Greencore General Meeting in person, please complete and sign the enclosed Form of Proxy in accordance with the instructions printed on it and return it, together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, to our Share Registrar at Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Citywest, Dublin 24, D24 AK82, Ireland. You may alternatively appoint a proxy electronically in accordance with Note 4 in Part VI – *Notice of Greencore General Meeting* of this Circular.

To be valid, all proxy instructions (whether submitted directly by way of a completed Form of Proxy or electronically) must be submitted as soon as possible so as to reach our Share Registrar, Computershare Investor Services (Ireland) Limited, no later than 9.30 a.m. on 2 July 2025 (or if the Greencore General Meeting is adjourned, 48 hours before the time appointed for the adjourned meeting).

The completion and return of a Form of Proxy or the submission of an electronic proxy instruction (or the failure to do so) will not prevent you from attending the Greencore General Meeting, or any adjournment thereof, and voting in person if you so wish and are so entitled.

If you have any questions about this Circular or the Greencore General Meeting, or if you are a Registered Shareholder and are in any doubt as to how to complete the Form of Proxy, please call the Shareholder Helpline between 9.00 a.m. and 5.30 p.m. Monday to Friday (except public holidays in Ireland or England and Wales, as the case may be) on 01 431 9832 (from within Ireland) and +353 1 431 9832 (from outside Ireland). Network providers' costs may vary. Calls to the Shareholder Helpline from outside Ireland will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Acquisition or to provide financial, tax or investment advice.

Greencore Shareholders who hold their interests in Greencore Shares as Belgian law rights through the Euroclear Bank System or as CREST Depository Interests should review Notes 3, 4, 6 and 7 as applicable in Part VI – *Notice of Greencore General Meeting* of this Circular and consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxies and voting instructions for the Greencore General Meeting through the respective systems.

Each shareholder is strongly encouraged to consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

PART I

LETTER FROM THE CHAIR OF GREENCORE

Greencore Group Plc

(Incorporated and registered in the Ireland under registration number 170116)

Directors:	
Leslie Van de Walle (*Chair*)	
Dalton Philips (*Chief Executive Officer*)	*Registered Office:*
Catherine Gubbins (*Chief Financial Officer*)	Fourth Floor, Block Two
Linda Hickey (*Non-Executive Director*)	Dublin Airport Central
Alastair Murray (*Non-Executive Director*)	Dublin Airport
Anne O'Leary (*Non-Executive Director*)	Swords
Helen Rose (*Non-Executive Director*)	Dublin K67 E2H3
Harshitkumar (Hetal) Shah (*Non-Executive Director*)	Ireland

12 June 2025

Dear Greencore Shareholder,

Recommended cash and share offer for the acquisition of Bakkavor Group plc and Notice of General Meeting

Introduction

I am writing to you on behalf of the Board of Greencore in respect of the recommended acquisition of Bakkavor Group plc.

On 15 May 2025, the Boards of Greencore and Bakkavor jointly announced that they had reached agreement on the terms of a recommended cash and share offer for the acquisition by Greencore of the entire issued and to be issued share capital of Bakkavor. It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement between Bakkavor and the Bakkavor Shareholders, pursuant to Part 26 of the Companies Act 2006, although Greencore reserves the right to implement the Acquisition by means of a Takeover Offer (subject to the consent of the Panel and the terms of the Co-operation Agreement). Further details of the key terms and conditions of the Acquisition are set out below.

Pursuant to the Acquisition, each Bakkavor Shareholder will be entitled to receive:

for each Bakkavor Share	**85 pence in cash;**
	0.604 New Greencore Shares; and
	1 Contingent Value Right

The Base Consideration represented by the cash and New Greencore Shares implies Bakkavor's entire issued and to be issued share capital is valued at approximately £1.2 billion. Immediately following Completion, it is expected that Greencore Shareholders will own approximately 56 per cent. and Bakkavor Shareholders will own approximately 44 per cent. of the Combined Group.

In view of the consideration payable by Greencore in respect of the Acquisition, the Acquisition constitutes a reverse takeover for Greencore for the purposes of the UK Listing Rules and, therefore, requires the prior approval of Greencore Shareholders. The prior approval of Greencore Shareholders is also required under the Irish Companies Act to authorise the Greencore Directors to allot the New Greencore Shares.

Accordingly, the Greencore General Meeting has been convened for 9.30 a.m. on 4 July 2025 at the Maldron Hotel Dublin Airport, Dublin Airport, Co. Dublin, K67 T6P6, Ireland, at which Greencore Shareholders will be asked to vote in favour of the Greencore Resolutions in order to approve the Acquisition as a reverse takeover and grant authority to the Greencore Directors to allot the New Greencore Shares to Bakkavor Shareholders pursuant to the terms of the Acquisition. An explanation of the Greencore Resolutions to be proposed at the Greencore General Meeting is set out on pages 36 to 37 below.

The purpose of this letter is to give you further details of the Acquisition, including the background to and reasons for it, to explain why the Greencore Directors consider it to be in the best interests of Greencore and the Greencore Shareholders as a whole and to seek your approval of the Greencore Resolutions.

The Greencore Directors therefore unanimously recommend that Greencore Shareholders vote in favour of each of the Greencore Resolutions, as the Greencore Directors intend to do in respect of their own beneficial holdings of Greencore Shares.

Details of the actions Greencore Shareholders should take are set out in the 'Action to be Taken' section of this Circular.

The structure of the Scheme and the Conditions relating to the Acquisition are summarised at paragraph 11 (*Structure of, and Conditions to, the Acquisition*) of this Part I.

1. Summary of the key terms of the Acquisition

Consideration

Under the terms of the Acquisition, which will be conditional on the Conditions summarised in paragraph 11 (*Structure of, and Conditions to, the Acquisition*) of this Part I, and subject to the full terms and conditions set out in the Scheme Document, Bakkavor Shareholders will be entitled to receive:

for each Bakkavor Share	**85 pence in cash;**
	0.604 New Greencore Shares; and
	1 Contingent Value Right

Under the terms of the Acquisition, each Bakkavor Shareholder shall be entitled to the base consideration of 0.604 New Greencore Shares and 85 pence in cash for each Bakkavor Share held (the "**Base Consideration**"). Based on Greencore's undisturbed closing share price of 190 pence per Greencore Share on 13 March 2025 (being the last Business Day before the commencement of the Offer Period), the Base Consideration values each Bakkavor Share at 200 pence (the "**Offer Value**"). This represents a premium of approximately:

- 32.5 per cent. to the undisturbed Closing Price of 151 pence per Bakkavor Share on 13 March 2025;
- 39.8 per cent. to Bakkavor's undisturbed volume-weighted average closing share price of 143 pence per share for the three months to 13 March 2025; and
- 36.6 per cent. to Bakkavor's undisturbed volume-weighted average closing share price of 146 pence per share for the six months to 13 March 2025.

The Offer Value implies Bakkavor's entire issued and to be issued share capital is valued at approximately £1.2 billion.

Contingent Value Rights and Dividends

Greencore and Bakkavor have agreed certain arrangements with regard to: (i) the sale of the US Business of Bakkavor, further details of which are set out in paragraph 2 (*Contingent Value Rights*) of this Part I; and (ii) the further payment of dividends, distributions and other returns of value prior to the Effective Date, further details of which are set out in paragraph 3 (*Dividends*) of this Part I.

New Greencore Shares

Immediately following Completion, it is expected that Greencore Shareholders will own approximately 56 per cent. and Bakkavor Shareholders will own approximately 44 per cent. of the Combined Group.

The New Greencore Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Greencore Shares in issue. Greencore intends to make applications to the FCA for the New Greencore Shares to be admitted to the Equity Shares (Commercial Companies) category of the Official List and to the London Stock Exchange for the New Greencore Shares to be admitted to trading on the Main Market of the London Stock Exchange.

Bakkavor Shares

Bakkavor Shares which will be acquired pursuant to the Acquisition will be acquired fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid or any other return of capital or value (whether by reduction of share capital or share premium account or otherwise) by reference to a record date after the Effective Date (other than as set out in paragraph 3 (*Dividends*) of this Part I).

2. Contingent Value Rights

US Sale

Bakkavor may, prior to the Effective Date, sell the US Business if it determines that such a sale is in the best interests of Bakkavor, having regard to the best interests of its US customers, employees and other stakeholders, which are highly valued by Bakkavor. If the US Sale has not been agreed prior to the Effective Date, Greencore has agreed to continue the sale process with effect from the Effective Date and until the earlier of: (i) the US Sale Completion; and (ii) the US Sale Long Stop Date.

Greencore has also undertaken certain obligations in respect of the US Business and the US Sale, as detailed in the Scheme Document.

US Sale Special Dividend

Subject to the terms of the Co-operation Agreement, if Bakkavor enters into a legally binding agreement to give effect to a US Sale (the "**US Sale Agreement**") and such US Sale is completed, in each case, prior to the Effective Date, Bakkavor would be entitled to declare and pay a special interim dividend to the eligible Bakkavor Shareholders (the "**US Sale Special Dividend**").

The US Sale Special Dividend would be for an aggregate amount equal to the amount by which the US Net Sale Proceeds exceeds an amount equal to the LTM EBITDA of the US Business multiplied by nine (the "**US Sale Hurdle**") (the "**US Sale Excess Proceeds**") and would be paid *pro rata* to eligible Bakkavor Shareholders based on the number of Bakkavor Shares they hold (after taking into account any dividend equivalent entitlements payable to holders of awards and options under the Bakkavor Share Plans) as at the relevant record date set by Bakkavor for the entitlement to the US Sale Special Dividend. The amounts of the US Net Sale Proceeds, the LTM EBITDA and the US Sale Excess Proceeds in respect of the US Sale Special Dividend shall be determined by Bakkavor in its sole discretion.

Any US Sale Special Dividend must be declared and paid with a record date and a payment date prior to the Effective Date.

Contingent Value Rights

Bakkavor Shareholders will receive, by way of additional consideration for their Bakkavor Shares, one Contingent Value Right for each Bakkavor Share held as at the Scheme Record Time. The Contingent Value Rights will entitle Bakkavor Shareholders to receive and retain additional cash consideration if no US Sale Special Dividend has been declared (unless such declaration is validly withdrawn prior to the Effective Date) or paid prior to the Effective Date, Greencore completes the US Sale before the US Sale Long Stop Date and the US Net Sale Proceeds exceed the US Sale Hurdle.

In such circumstances, the amount of the additional cash consideration that each Contingent Value Right will entitle the relevant Bakkavor Shareholder to receive and retain is an amount per Bakkavor Share equal to their *pro rata* share (as at the Scheme Record Time) of the US Sale Excess Proceeds and the CVR Ticker Amount (the "**CVR Consideration**").

CVR Conditions

Bakkavor Shareholders shall be entitled to receive, and Greencore shall be required to pay, the CVR Consideration only if the following conditions (the "**CVR Conditions**") are satisfied (or waived by Greencore at its sole discretion), which are:

- the Acquisition having become Effective in accordance with the terms of the Scheme;
- no US Sale Special Dividend having been declared (unless such declaration is validly withdrawn prior to the Effective Date) or paid prior to the Effective Date;
- the US Sale Completion having occurred;
- the US Net Sale Proceeds being not less than an amount equal to the LTM EBITDA multiplied by nine.

If any of the CVR Conditions is not satisfied (or waived by Greencore at its sole discretion) on or before 11.59 p.m. on the US Sale Long Stop Date, each Bakkavor Shareholder's entitlement to receive the CVR Consideration shall be automatically extinguished and no longer outstanding.

Determination of the CVR Consideration

If a US Sale Special Dividend has not been declared (unless such declaration is validly withdrawn prior to the Effective Date) or paid by Bakkavor prior to the Effective Date, the Relevant US Sale Amounts underlying the CVR Consideration shall be determined in the manner set out below.

- If a US Sale Completion occurs prior to the Effective Date, the Relevant US Sale Amounts shall be as agreed between Bakkavor and Greencore prior to the Effective Date.
- If the Relevant US Sale Amounts are not agreed between Bakkavor and Greencore before the Effective Date as set out above, or a US Sale Completion occurs after the Effective Date, the Relevant US Sale Amounts shall be determined by the US Sale Committee.
- If a Deadlock arises amongst the members of the US Sale Committee and is not resolved within five (5) Business Days of the Deadlock arising, the matter shall be referred to the Expert for, save in the case of fraud or manifest error, a final and binding determination of the Relevant US Sale Amounts.

Neither the payment of the US Sale Special Dividend nor the payment of the CVR Consideration (as applicable) shall result in any adjustment to the Base Consideration payable in respect of the Acquisition.

Payment of the CVR Consideration

Subject to the satisfaction of the CVR Conditions, Greencore shall settle the payment of the CVR Consideration to the eligible Bakkavor Shareholders:

- if the Final Receipt Date occurs prior to the Effective Date, within five (5) Business Days of the later of: (i) the Effective Date; and (ii) if applicable, the Final Determination Date; or
- if the Final Receipt Date occurs after the Effective Date, within five (5) Business Days of the later of: (i) the Final Receipt Date; and (ii) if applicable, the Final Determination Date.

The CVR Consideration includes the CVR Ticker Amount, which is calculated based on the Bank of England base rate (as at the date of the US Sale Completion) from (but excluding) the later of the Final Receipt Date and the Effective Date to (and including) the CVR Payment Date.

Exchange Rate

Where any amount relating to the US Sale and the CVR Consideration is in any currency other than pounds sterling, such amount shall be converted into pounds sterling at the Exchange Rate on the Final Receipt Date.

Announcement obligations

If a US Sale Agreement is entered into, materially varied or terminated following the Effective Date, within two (2) Business Days, Greencore shall make an announcement via a Regulatory Information Service setting out key particulars of the US Sale Agreement, its variation or termination and the consequences to Bakkavor Shareholders, as applicable.

If the US Sale Completion occurs after the Effective Date, Greencore shall make an announcement via a Regulatory Information Service setting out the CVR Consideration payable to Bakkavor Shareholders and timing for such payment, within one (1) Business Day of the later of the Final Receipt Date and the Final Determination Date. If no CVR Consideration will be payable to Bakkavor Shareholders, Greencore shall state that in such announcement.

Greencore shall make any such announcement in connection with the Contingent Value Rights via a Regulatory Information Service as required by the Panel.

Other terms

Each Contingent Value Right is a non-transferable (other than pursuant to a permitted transfer as detailed in the Scheme Document) and an unsecured contractual obligation of Greencore to make (subject to the satisfaction of the CVR Conditions) a one-off cash payment to all eligible Bakkavor Shareholders (as at the Scheme Record Time) less any applicable withholding taxes, pursuant to the terms of the Scheme. The Contingent Value Rights will not be evidenced by a certificate or other instrument and will not be registered or listed for trading (including on any stock exchange). The Contingent Value Rights will not have any voting or dividend rights and will not represent any equity or ownership interest in Greencore, Bakkavor or the Combined Group. The Contingent Value Rights will be governed by English law.

Certain risk factors and further particulars of the Contingent Value Rights are set out in the Scheme Document.

3. Dividends

Dividend policy of Greencore

At its capital markets day on 5 February 2025, Greencore outlined the continuation of progressive dividends and, where appropriate, periodic return of surplus capital to Greencore Shareholders.

Pre-Completion dividends agreed between Greencore and Bakkavor

Under the terms of the Co-operation Agreement, Greencore and Bakkavor have agreed that:

- Eligible Bakkavor Shareholders will be entitled to receive and retain the final dividend of 4.80 pence per Bakkavor Share in respect of the 52-week period ended 28 December 2024 (the "**Bakkavor 2024 Final Dividend**"), scheduled to be paid on 28 May 2025, subject to shareholder approval at Bakkavor's annual general meeting scheduled to be held on 22 May 2025, without adjustment to the Base Consideration payable in respect of the Acquisition or the CVR Consideration.
- If a US Sale is completed prior to Completion, Bakkavor will be entitled to declare and pay the US Sale Special Dividend of up to an amount equal to the eligible Bakkavor Shareholders' *pro rata* share (as at the relevant record date set for the entitlement to the US Sale Special Dividend) of the US Excess Sale Proceeds, without adjustment to the Base Consideration payable in respect of the Acquisition.
- In addition, if Completion does not occur on or before 31 January 2026, then Bakkavor will be entitled to declare and pay to the eligible Bakkavor Shareholders (in each case, without adjustment to the Base Consideration payable in respect of the Acquisition or the CVR Consideration):
  - o an interim dividend in respect of the 26-week period ending 28 June 2025 of an amount equal to no more than 75 per cent. of Bakkavor's adjusted earnings per Bakkavor Share, subject further to a cap of 3.20 pence per Bakkavor Share;
  - o a further dividend in respect of the 52-week period ending 28 December 2025 of an amount which, when aggregated with the interim dividend (if any) in respect of the 26-week period ending 28 June 2025 above, is equal to no more than 75 per cent. of Bakkavor's adjusted earnings per Bakkavor Share for the 52-week period ending 28 December 2025, subject further to a cap of 5.20 pence per Bakkavor Share for such dividend, provided that the declaration of such dividend is in line with Bakkavor's ordinary course dividend timetable; and

  if Completion does not occur on or before 31 July 2026, then Bakkavor will be entitled to declare and pay to the eligible Bakkavor Shareholders (without adjustment to the Base Consideration payable in respect of the Acquisition or the CVR Consideration): an additional interim dividend in respect of the 26-week period ending 28 June 2026 of an amount equal to no more than 75 per cent. of Bakkavor's adjusted earnings per Bakkavor Share, subject further to a cap of 3.53 pence per Bakkavor Share, provided that the declaration of such dividend is in line with Bakkavor's ordinary course dividend timetable, and provided further that in respect of each such dividend the record date is a date prior to the Effective Date (each such dividend a "**Bakkavor Additional Dividend**").

- Greencore will be entitled to declare and pay to the eligible Greencore Shareholders (without giving Bakkavor the right to pay any equalising dividend):
  - subject to the approval of Greencore Shareholders at the Greencore 2026 AGM, a final dividend in respect of the 52-week period ending 26 September 2025 of an amount equal to no more than 35 per cent. of Greencore's adjusted earnings per Greencore Share, subject further to a cap of 5 pence per Greencore Share; and
  - a further interim dividend in respect of the 26-week period ending 27 March 2026 of an amount equal to no more than 35 per cent. of Greencore's adjusted earnings per Greencore Share, subject further to a cap of 3 pence per Greencore Share, provided that the declaration of such dividend is not before 11 May 2026,

  provided that in respect of each such dividend the record date is a date prior to the Effective Date (each such dividend a "**Greencore Additional Dividend**").

  For the avoidance of doubt, the references above to any dividend payout ratio, and any maximum adjusted earnings per Greencore Share and any monetary caps in respect of any Greencore Additional Dividend, do not, and are not intended to, indicate or forecast any expected levels of dividends to be declared or paid by Greencore, including in respect of the periods identified above.

Pre-Completion dividends not agreed between Greencore and Bakkavor

If, on or after the date of the Announcement and on or prior to the Effective Date, Bakkavor announces, declares, makes or pays: (i) the Bakkavor 2024 Final Dividend and, if applicable, the US Sale Special Dividend, any Bakkavor Additional Dividend or any Bakkavor Equalising Dividend (as defined below) (each a "**Bakkavor Permitted Dividend**"), and the quantum of such dividend is in excess of the amount which Bakkavor is entitled to pay to Bakkavor Shareholders pursuant to the terms of the Co-operation Agreement; or (ii) any other dividend, distribution or other return of value, Greencore, at its discretion and without prejudice to any right Greencore may have, with the consent of the Panel, to invoke any Condition set out in Appendix 1 to the Announcement, shall be entitled to:

- adjust the consideration payable in respect of the Acquisition by an amount equivalent to all or any part of such excess (in the case of a Bakkavor Permitted Dividend) or by the amount of all or part of any such other dividend, distribution or return of value, in which case any reference in the Announcement or the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the Offer Document) to the consideration payable in respect of the Acquisition will be deemed to be a reference to the consideration as so adjusted, as applicable; or
- declare and pay an equalising dividend to Greencore Shareholders (a "**Greencore Equalising Dividend**") so as to reflect the value attributable to all or any part of such excess (in the case of a Bakkavor Permitted Dividend) or by the amount of all or part of any such other dividend, distribution or return of value, without any consequential change to the consideration payable in respect of the Acquisition.

If (but only to the extent) Greencore exercises the above right to adjust the consideration payable in respect of the Acquisition for the Bakkavor Shares in respect of all or any part of a dividend, distribution or other return of value that has not been paid, Bakkavor Shareholders shall be entitled to receive and retain any such dividend, distribution or other return of value declared, made, or paid. For the avoidance of doubt, any exercise by Greencore of its rights referred to in this paragraph, or in Appendix 1 to the Announcement, shall not be regarded as constituting any revision or variation of the Acquisition.

If, on or after the date of the Announcement and prior to the Effective Date, Greencore announces, declares, makes or pays with a record date prior to the Effective Date: (i) any Greencore Additional Dividend and if, applicable, any Greencore Equalising Dividend (each a "**Greencore Permitted Dividend**"), and the quantum of such dividend is in excess of the amount which Greencore is entitled to pay to Greencore Shareholders pursuant to the terms of the Co-operation Agreement; or (ii) any other dividend, distribution or other return of value, Bakkavor shall be entitled to pay an equalising dividend to Bakkavor Shareholders (a "**Bakkavor Equalising Dividend"**) so as to reflect the value attributable to all or any part of such excess (in the case of a Greencore Permitted Dividend) or by the amount of all or part of any such other dividend, distribution or form of capital return, without any consequential change to the consideration payable in respect of the Acquisition.

4. Background to and reasons for the Acquisition

Greencore recognises that Bakkavor is one of the leading UK convenience food businesses, with particular focus on "food for later" categories which are highly complementary to Greencore's existing core categories across chilled, frozen and ambient convenience food. Greencore believes that the Acquisition represents a highly attractive opportunity to create a UK convenience food champion that will result in significant benefits for customers, consumers and the stakeholders of both businesses.

Both Greencore and Bakkavor operate in resilient markets, underpinned by long term structural growth in UK convenience food categories. Together, Greencore and Bakkavor represent a more diversified group, in terms of categories and dining occasions in "food for now" and "food for later".

With excellent commercial and operational foundations across both the Greencore and Bakkavor businesses and with strong synergy potential from the combination, the Acquisition has a highly compelling strategic, commercial and financial rationale and provides a significant value creation opportunity for the stakeholders in both Bakkavor and Greencore. Specifically, the Greencore Directors believe that the Acquisition will result in:

- The creation of a Combined Group, which will be a leading UK convenience food business, with a combined revenue of c. £4 billion. The Combined Group will have a diverse and complementary product offering, strong commercial relationships managed by a broader set of customer dedicated teams, and highly competitive capabilities in attractive segments across the UK convenience food landscape, creating significant benefits for customers and consumers as well as a stronger contribution to the overall UK economy.
- Bakkavor's strong position in Pizza and Desserts adding categories in which Greencore has no or very limited existing presence, creating a very well-diversified convenience food product offering across categories and dining occasions.
- The Combined Group having enhanced capabilities across innovation, supply chain and operations, further benefitting both customers and consumers through enhanced value across a complementary set of categories. In aggregate, Bakkavor and Greencore created 1,100 new convenience food products in 2024 across both businesses on a standalone basis, driving both value and quality for consumers. The increased investment and capability in existing and new product development afforded by the Combined Group will be key in supporting customers' wider ambitions in important front-of-store convenience food categories.
- The Combined Group benefitting from economies of scale in relation to investment in existing infrastructure and systems, sustainability programmes, and the key automation agenda. Over the last three years, Greencore has invested £15 million in automation, and while this is expected to increase over time, the Combined Group would have the resources and capability to accelerate the focus and investment to drive value for shareholders, customers and consumers.
- The Combined Group having the potential to attract, retain and develop talent at all levels to drive further commercial opportunities, growth, innovation and value, while providing clear benefits to employees with enhanced depth of expertise, increased development opportunities, and a dynamic and innovative workplace.
- Greencore Directors expect the Acquisition will be accretive to adjusted earnings per share for Greencore in the first full financial year after Completion and significantly accretive thereafter. Greencore Directors also expect that the Acquisition's return on invested capital will exceed Greencore's weighted average cost of capital in the first full financial year after Completion. Greencore remains committed to working towards its previously announced medium-term financial targets.
- The enhanced cash flow and capabilities of the Combined Group, together with a prudent target level of net debt at Completion, supporting continued investment in future growth and

innovation, unlocking significant value for customers and consumers, and delivering attractive returns to shareholders.

- Shareholders of both Bakkavor and Greencore benefitting from the significantly enlarged market capitalisation and increased ongoing liquidity of the Combined Group.

Following Completion, the earnings, assets and liabilities of Bakkavor would be consolidated into the earnings, assets and liabilities of Greencore. The earnings, assets and liabilities of Greencore would thereby be increased.

Following Completion (i.e. the date on which Greencore obtains control over the operating and financial policies of Bakkavor), Bakkavor would be treated as a subsidiary undertaking in the Greencore Group's audited consolidated financial statements. All intra-Greencore Group transactions, balances and unrealised gains on transactions between undertakings within the Greencore Group are eliminated upon consolidation. Unrealised losses are also eliminated, except where they provide evidence of impairment. Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries, are eliminated in the preparation of the Greencore Group's audited consolidated financial statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Greencore expects the Combined Group's leverage to be approximately 2.5x Net Debt to Adjusted EBITDA (pre IFRS 16 and as measured under the financing agreements) at Completion and to reduce to below 1.5x within two years given the expected synergies and growth of the Combined Group. The possible disposal of the US Business would further accelerate the de-levering profile of the Combined Group.

Once the Combined Group has de-levered to Greencore's target leverage range of 1.0x-1.5x, it will have the financial flexibility to deploy capital through a range of options to enhance value for shareholders.

It is also currently expected that following Completion the Bakkavor Group would become a part of the UK sub-group of the Greencore Group in light of the commercial rationale behind the Acquisition of creating a combined UK convenience food business.

5. Financial benefits of the Acquisition

As described in the Announcement, the Greencore Directors, having reviewed and analysed the potential synergies of the Acquisition, and taking into account the factors they can influence, believe that the Combined Group can deliver annual run-rate pre-tax cost synergies of at least £80 million by the end of the third year following Completion.

Greencore intends to approach integration of the two businesses with the aim of retaining and motivating talent from across the Combined Group and combining the strengths of both teams to create a best-in-class organisation. The quantified cost synergies, expected to originate from the cost bases of Greencore and Bakkavor, are anticipated to be realised primarily from:

- Organisation: approximately 45 per cent. of the total annual run-rate pre-tax cost synergies are expected to arise primarily from the removal of duplicative corporate, head office, administrative, support and other central management functions.
- Operational Excellence and Distribution: approximately 25 per cent. of the total annual run-rate pre-tax cost synergies are expected to be generated through the adoption of shared best practice across the Combined Group's operations including associated headcount efficiencies and leveraging of the Combined Group's distribution capabilities.
- Direct and indirect procurement: approximately 25 per cent. of the total annual run-rate pre-tax cost synergies are expected to be generated through leveraging enhanced economies of scale and spend across ingredients, packaging and other third-party and professional services.
- Operations Footprint: approximately 5 per cent. of the total annual run-rate pre-tax cost synergies are expected to be generated through the rationalisation of manufacturing sites and associated headcount currently operated by Greencore and/ or Bakkavor.

The Greencore Directors expect that approximately 50 per cent of the annual run rate cost synergies will be realised by the end of the first year following Completion, approximately 85 per cent will be realised by the end of the second year following Completion, and the full run rate cost savings are expected to be realised by the end of the third year following Completion.

The Greencore Directors anticipate that the one-off total costs to achieve the synergies outlined above would be approximately £90 million which will be incurred broadly in line with the realisation of the run-rate synergies. The expected synergies referred to above reflect both the beneficial elements and the relevant costs.

Aside from the one-off costs referred to above, the Greencore Directors do not expect any material dis-synergies to arise as a direct result of the Acquisition.

The expected synergies will accrue as a direct result of the Acquisition and would not be achieved on a standalone basis.

The statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

These statements should not be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of Greencore and Bakkavor for the relevant preceding financial period or any other period.

Due to the size of the combination and potential scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.

In arriving at the estimate of synergies set out in this Circular, the Greencore Directors have assumed that there will be no significant impact on the business of the Combined Group.

Appendix I – *Statement on Quantified Financial Benefits* includes a copy of these statements of anticipated cost savings and synergies arising out of the Acquisition and provides underlying information and bases of belief and calculation.

6. Financing of the Acquisition

The cash component of the Base Consideration payable under the terms of the Acquisition will be funded from third party debt incurred by Greencore's UK subsidiary, Greencore UK Holdings Limited (which provides treasury services to other members of the Greencore Group and typically acts as a principal obligor in the context of the Greencore Group's financing arrangements) and on-lent to Greencore. Such third party debt is to be provided under the Greencore Acquisition Facilities Agreement. Such facilities shall be in addition to the Greencore Revolving Facility Agreement.

Further information regarding the Greencore Acquisition Facilities Agreement and Greencore Revolving Facility Agreement is contained in paragraph 8a(v) and (iii) (*Material contracts*) in Part IV – *Additional Information* of this Circular.

7. Information on Greencore

Summary

Greencore is a leading manufacturer of convenience foods in the UK and its purpose is to make every day taste better. To help achieve this, Greencore has a model called The Greencore Way, which is built on the differentiators of Lasting Partnerships, Great Food, Delivery Excellence, Sustainable Choices and People at the Core. The Greencore Way describes both who Greencore is and how Greencore will succeed.

Greencore supplies all of the major supermarkets in the UK. Greencore also supplies convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers. Greencore offers a range of categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces, pickles and frozen Yorkshire puddings.

In the 52-week period ended 27 September 2024, Greencore manufactured 748 million sandwiches and other food to go products, 125 million chilled ready meals, and 204 million bottles of cooking sauces, dips and table sauces. Greencore carries out more than 10,500 direct to store deliveries each day. Greencore has 16 world-class manufacturing sites and 17 distribution centres and transport hubs in the UK, with industry-leading technology and supply chain capabilities. Greencore generated revenues of £1.8 billion in the 52-week period ended 27 September 2024 and employs around 13,300 people.

Greencore is headquartered in Dublin, Ireland, and its shares are admitted to the Equity Shares (Commercial Companies) category of the Official List and traded on the Main Market of the London Stock Exchange (LSE: GNC).

Current trading and outlook

On 15 May 2025, Greencore released its interim financial report for the 26-week period ended 28 March 2025 ("**H1 25**").

Please see paragraph 9 (*Trends and current trading*) of this Part I for information regarding the H1 25 period, including Greencore's current trading and information regarding significant trends in respect of Greencore's business.

Profit forecast of the Greencore Group

The interim financial report for H1 25 released by Greencore on 15 May 2025 contained the following statement: "*Upgrade to FY25 Adjusted Operating Profit guidance to a range of £114-117m, bringing the Group to above pre-pandemic levels of profitability*" (the "**Greencore FY25 Profit Forecast**").

With the consent of Bakkavor, the Panel has confirmed that the Greencore FY25 Profit Forecast constitutes an ordinary course profit forecast for the purposes of Note 2(b) to Rule 28.1 of the Takeover Code, to which the requirements of Rule 28.1(c)(i) of the Takeover Code apply.

Further information on the Greencore FY25 Profit Forecast, including the assumptions on which the Greencore FY25 Profit Forecast is based, is set out in Appendix II – *Greencore FY25 Profit Forecast*.

8. Information on Bakkavor

Summary

Bakkavor is a leading provider of fresh prepared food in the UK. Bakkavor also currently has an international presence in the high growth markets of the US and China. As announced on 29 April 2025, Bakkavor has entered into a binding agreement to sell its China operations, which, subject to regulatory approval, is expected to complete in the second half of 2025.

Bakkavor leverages its consumer insight and expertise to provide innovative food that offers quality, choice, convenience, and freshness. Around 17,200 colleagues operate from 40 sites across Bakkavor's three markets supplying a portfolio of c.3,100 products across meals, pizza and bread, salads and desserts to leading grocery retailers in the UK and US, and international food brands in China. Of this total, the China business comprises: 2,300 colleagues, 9 sites (7 manufacturing sites, 1 head office, 1 farm) and c.1,100 products.

As stated in the Bakkavor 2024 Annual Report, Bakkavor reported a revenue increase of 4.0 per cent. to £2,293 million and an increase in adjusted operating profit of 20.5 per cent. to £113.6 million, with an adjusted operating profit margin of 5.0 per cent., up 70bps year-on-year. As at 28 December 2024, operational net debt was £193.8 million, down £35.8 million on the prior year, and leverage of 1.1x was down 0.4x and at the lower end of Bakkavor's target range. Return on invested capital improved by 260bps to 10.1 per cent., driven by improved profitability. The gross assets of Bakkavor, as at 28 December 2024, amounted to £1,498.6 million. Bakkavor Shares are admitted to the Equity Shares (Commercial Companies) category of the Official List and publicly traded on the Main Market of the London Stock Exchange (LSE: BAKK).

Information regarding the Bakkavor Directors is set out at paragraph 7 (*Bakkavor's board of directors*) in Part IV – *Additional Information* of this Circular.

9. Trends and current trading

The Greencore Group's reported revenue increased by 6.5 per cent. to £922.0 million in H1 25, driven by net new business wins impact of 2.9 per cent., underlying volume and mix of 1.0 per cent. and the positive impact of inflationary recovery and price of 2.6 per cent.. With the exception of labour costs and certain ingredient costs, the Greencore Group saw a more normalised inflationary environment in H1 25. The majority of this inflation was recovered or mitigated in the period through a range of mechanisms, including internal cost reductions, product and range reformulations, alternative sourcing and pass-through of cost increases. Labour costs will increase further with the introduction of government-driven national living wage and national insurance increases in the UK from April 2025 onwards.

Overall, the Greencore Group's operating profit in H1 25 increased 50.6 per cent. to £38.1 million and adjusted operating profit increased by 59.7 per cent. to £45.2 million, with its adjusted profit before tax being £34.8 million (compared to £16.9 million in the equivalent period of the previous financial year). Greencore's strong profit performance was reflected in the upgrade to its profit guidance reflected in the Greencore FY25 Profit Forecast. This trend was reflected by Bakkavor, whose trading update for the 13 weeks to 29 March 2025 released on 15 May 2025 (the "**Bakkavor Q1 Trading Update**") also referred to its strong profit performance.

The Greencore Group's volume growth continued in H1 25, with overall volume growing 2.5 per cent., inclusive of net new business wins, and underlying volume growing 0.5 per cent. in H1 25, representing outperformance versus the wider grocery market volume growth of 0.2 per cent..[1]

From a customer perspective, the Greencore Group successfully delivered new business during H1 25, including the annualisation of the ready meals contract that was onboarded at its Kiveton site in the fourth quarter of the previous financial year. New business was also won in H1 25 across food-to-go and in ambient grocery, which are expected to be on-boarded into the network across the third and fourth quarters of the current financial year, which will improve utilisation in the network and improve category returns.

The Greencore Group successfully launched 270 new products in H1 25, helping to support the delivery of its customer and category growth agendas. These included festive lines such as the "first to market" Japanese-inspired sando sandwich, refreshes of in-store café ranges for one of its largest customers and a new, innovative takeaway range of ready meals from its Consett manufacturing site, designed to provide the takeaway experience for consumers, but at home.

The Greencore Group continues to focus on its operational excellence programme, focused on driving standardisation and reducing costs across its network. This included, in H1 25, 19 individual automation projects, such as installing depositors to place ingredients on its products and automating some of its manual cutting processes. The Greencore Group continues to make progress in building its long-term roadmap for automation.

The Greencore Group remains subject to the principal risks and uncertainties as set out in the Greencore 2024 Annual Report, as well as those detailed in Part II – *Risk Factors* of this Circular.

No additional trends have arisen since the date of the interim financial report for H1 25 released by Greencore on 15 May 2025 that are reasonably likely to have a material effect on the Greencore Group's prospects for the current financial year, and as at the Latest Practicable Date the above trends remain the most significant recent trends identified in respect of the Greencore Group.

The market trends experienced by the Bakkavor Group have been consistent with those experienced by the Greencore Group. As detailed in the Bakkavor Q1 Trading Update, the Bakkavor Group's reported revenue increased by 3.3 per cent. to £559.3 million in Q1 25. Like-for-like revenue increased by 3.9 per cent. driven by good volume growth internationally and primarily price in the UK. Profit performance in Q1 25 was strong as the Bakkavor Group continued to deliver on its strategy and focus on margin.

10. Greencore's intentions for the Bakkavor business and the Combined Group

Strategic plans for Bakkavor and the Combined Group

The Boards of Greencore and Bakkavor believe that the Acquisition has compelling strategic, commercial and financial rationale, with the potential to deliver substantial benefits to customers, consumers, shareholders, colleagues and other stakeholders. In particular, the Acquisition is expected to:

[1] Kantar grocery market performance for the 26 weeks to 23 March 2025.

- Bring together two strong and highly complementary businesses, creating a leading UK convenience food business, with a country-wide operating presence focused on great food and delivery excellence.
- Combine two highly experienced customer and consumer-focused management teams, with a common culture of excellence and innovation, which will broaden and deepen category reach and improve customer and consumer relevance and diversification.
- Benefit customers, their shoppers and wider stakeholders through enhanced capabilities and economies of scale which can drive innovation, automation and sustainability initiatives across a wider business.
- Unlock significant value creation through the combination of two complementary portfolios, the expertise and innovation capability of two teams, a strong financial profile and the benefit of synergies arising from the combination including at least £80 million of annual cost synergies by the end of the third year following Completion.
- Offer customers a trading partner that is more resilient to increased food supply challenges and an inflationary macro environment through increased scale, operating efficiency, and strong cash flow generation, supported by a stronger balance sheet.

Greencore recognises the inherent potential in the combination of Greencore and Bakkavor's existing businesses. In order to deliver on this potential, for the benefit of all stakeholders, Greencore has already begun the development of a detailed integration programme to be finalised and commenced as soon as practicable following Completion and, in preparation for this process, has established a Working Group. This Working Group will review the operations, systems and functions of both businesses to assess how the two businesses can work most effectively and efficiently together and provide the basis for a structured integration programme. The primary objective is to minimise disruption to employees, customers, and suppliers while delivering the expected benefits of the Acquisition. In particular, it will inform the optimal design of the Combined Group's target operating model, making the most of the expanded scale, footprint and capabilities the Combined Group will benefit from. Greencore anticipates that this review will be completed within 12 months following Completion.

Board and management team of the Combined Group

Upon Completion of the Acquisition, it is intended that Greencore's Board will form the Board of the Combined Group with Agust Gudmundsson and Lydur Gudmundsson, currently Non-Executive Directors of Bakkavor, joining the Board of the Combined Group as Non-Executive Directors.

It is intended that, upon completion of the Acquisition, each of the other directors of the Board of Bakkavor will resign as directors of Bakkavor.

Following Completion, Dalton Philips, CEO of Greencore, will be CEO of the Combined Group, and Catherine Gubbins, CFO of Greencore, will be CFO of the Combined Group. It is also intended that the Bakkavor CEO, Mike Edwards, will remain with the Combined Group to support the management team on integration for a period following Completion to be agreed. Lee Miley, the CFO of Bakkavor, will remain with the business for a period of time following Completion as role opportunities are explored in the Combined Group. Further information on any such arrangements is set out in the Scheme Document.

Greencore has agreed that Bakkavor may implement certain employee cash retention arrangements for a number of Bakkavor employees whom Bakkavor considers should be incentivised to remain with the Bakkavor Group on the basis of them being key talent for critical senior roles, an employee with deep functional expertise, critical to achieving the successful closure of the Acquisition and/or any other individual who may be integral to business continuity. As part of such arrangements, Bakkavor will award each of Mike Edwards and Lee Miley a cash retention award equal to 150 per cent. of their respective annual base salaries which will be payable (less any required deductions) in two equal tranches (the "**Executive Retention Arrangements**"). Consistent with awards to be made to other employees, the first tranche will be paid on or as soon as practicable following the Effective Date and the second tranche will be payable on or as soon as practicable following the nine-month anniversary of the Effective Date, provided the relevant Bakkavor Director remains in employment with the Combined Group and has not served or received notice of termination of employment at the date of payment (subject to applicable good leaver terms).

Save as set out above, Greencore has not entered into, nor had any discussions regarding, any form of incentive arrangements with members of Bakkavor's management.

Details of the composition of the wider leadership team of the Combined Group will be confirmed prior to Completion.

Employees

Greencore and Bakkavor both employ significant numbers of people, Greencore with total employees of approximately 13,300 and Bakkavor with total employees of approximately 17,200. Accordingly, Greencore attaches great value to the skills, experience and expertise of the existing management and employees of Bakkavor and recognises their important contribution to the success that has been achieved by Bakkavor. Greencore expects Bakkavor's employees will play an important role in maximising the opportunities that the Acquisition will present, and in ensuring the future success of the Combined Group.

Greencore intends to approach integration of the two businesses with the aim of retaining and motivating talent from across the Combined Group to create a best-in-class organisation. Greencore also recognises that there will be a need to optimise the structure of the Combined Group in order to achieve the anticipated benefits of the Acquisition and ensure its future success.

In particular, Greencore's preliminary evaluation work to identify potential efficiencies arising from the Acquisition indicates that there will be some duplication between the two businesses' management and support functions. Whilst comprehensive plans regarding the impact of the Acquisition have not yet been formulated, Greencore intends to take a "combining the strengths of both teams" approach to integration and any workforce reductions. Greencore does not anticipate any material change in the balance of skills and functions of employees and management of the Combined Group to arise as a consequence of the Acquisition.

Greencore believes that the combination of Greencore and Bakkavor will deliver cost synergies to the Combined Group. A preliminary evaluation suggests that the Combined Group is expected to fully realise annual run-rate pre-tax cost synergies of at least £80 million by the end of the third year following Completion. A portion of these cost synergies are expected to come from headcount reductions arising primarily from (i) the removal of duplicative corporate, head office, administrative, support and other central management functions; (ii) adoption of operational efficiencies and shared best practice; and (iii) potential consolidation of manufacturing facilities (as further described below). Any such headcount reduction would emphasise the "combining the strengths of both teams" approach referred to above and, in respect of the manufacturing sites and operational efficiencies, would be dependent on the determination of the target operating model. Therefore, the impact as between employees of Bakkavor and Greencore will be determined as part of the Working Group's review following Completion. Based on Greencore's preliminary evaluation, the synergy work undertaken to date suggests a potential headcount reduction of no more than 5 per cent. of the total Combined Group. It is anticipated that efforts will be made to mitigate the need for headcount reductions through the standalone growth of the Combined Group, natural attrition, the elimination of vacant roles, the slowing or pausing of select hiring plans and alternative job opportunities, and redundancies at each of Bakkavor and Greencore are not expected to be material.

The finalisation and implementation of any workforce reductions, including those referred to above and further below, will be subject to comprehensive planning and appropriate engagement and consultation with stakeholders, including impacted colleagues and any appropriate employee representative bodies and conducted in a fair and transparent manner. Any impacted individuals will be treated in a manner consistent with Greencore's high standards, culture and practices.

Greencore intends to safeguard existing statutory and contractual employment rights following completion of the Acquisition and Greencore does not intend to make any material changes in the conditions of employment of existing Greencore or Bakkavor colleagues. Greencore intends to respect the legal rights of Bakkavor's existing trade unions.

Pension schemes

Bakkavor Limited, a subsidiary of Bakkavor, sponsors the Bakkavor Pension Scheme, a defined benefit occupational pension scheme, which is closed to new members and was closed to future accrual in 2011 (the "**DB Scheme**"). No regular employer contributions or deficit reduction contributions are currently being paid to the DB Scheme. Greencore's intention is for the DB

Scheme to remain closed to new members and future accrual following Completion, and it intends to work constructively with the trustee of the DB Scheme going forward.

Bakkavor also currently operates a UK defined contribution pension plan. Greencore does not intend to make any changes to the agreed employer contribution rates in relation to such defined contribution pension plan following Completion, unless such changes are more favourable to the scheme members.

Headquarters, locations and fixed assets

Greencore's headquarters in Dublin, Ireland will be the headquarters of the Combined Group and house Greencore's HQ functions following Completion. Greencore and Bakkavor currently each have premises in London (the "**London Premises**"). Following completion of the Acquisition, Bakkavor's London premises, which is currently its headquarters, will continue to be utilised for a period of time as a regional office. Greencore expects that the Combined Group will exit one of the London Premises and utilise a single premises in London.

The Combined Group's significant trading presence in the UK will continue. Greencore intends to complete a detailed review, based on factors including commercial considerations, as part of planning for the integration programme of each of the locations of business and fixed assets in order to optimise local operations for the Combined Group. Based on preliminary analysis completed to date, this is expected to lead to rationalisation in manufacturing sites currently operated by Greencore and/or Bakkavor in addition to the London Premises identified above. The rationalisation will be further informed by the Combined Group's target operating model following the Working Group's detailed review. Such rationalisation will not only focus on optimising the Combined Group's cost base but also on delivering value to customers and further enabling colleagues to work more closely together to promote and enhance the culture of the Combined Group.

Bakkavor has indicated the possibility of a sale of the US Business before Completion if it determines that such a sale is in the best interests of Bakkavor, having regard to the best interests of its US customers, employees and other stakeholders (or, by the Combined Group, within a limited period after Completion). In the event of any such sale, Greencore and Bakkavor have agreed certain terms and conditions, including a payment of an amount equal to any US Sale Excess Proceeds to eligible Bakkavor Shareholders, either by way of a US Sale Special Dividend (before Completion) or, together with the CVR Ticker Amount, in the form of the CVR Consideration (after Completion). Further details are set out in paragraph 2 (*Contingent Value Rights*) of this Part I and the Co-operation Agreement and are also set out in the Scheme Document.

Research and development

Greencore values the investment that Bakkavor has made in its technology and the infrastructure and expertise in place within Bakkavor to create, maintain and enhance existing product offerings and intends to retain Bakkavor's research and development (R&D) capabilities. Greencore believes that R&D is essential to ensure customer and consumer satisfaction, and to maintain leading, relevant and diversified product offerings. Combining these innovation and technical capabilities will bring further benefit to our customers and their shoppers, ultimately ensuring the long-term success of the Combined Group for all stakeholders.

11. Structure of, and Conditions to, the Acquisition

Scheme

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Bakkavor and the Scheme Shareholders under Part 26 of the Companies Act 2006, although Greencore reserves the right to elect to implement the Acquisition by means of a Takeover Offer, with the consent of the Panel and subject to the terms of the Co-operation Agreement.

The purpose of the Scheme is to provide for Greencore to become owner of the whole of the issued and to be issued share capital of Bakkavor. The procedure involves, among other things, an application by Bakkavor to the Court to sanction the Scheme, in consideration for which the Scheme Shareholders will receive the consideration payable under the terms of the Acquisition for the Bakkavor Shares on the basis set out in paragraph 1 (*Summary of the key terms of the Acquisition*) of this Part I.

To become Effective, the Scheme must be approved by a majority in number, representing seventy-five per cent. or more in value, of Scheme Shareholders (or each of the relevant classes thereof, if applicable) present and voting (and entitled to vote) at the Bakkavor Court Meeting (or at any separate class meeting, if applicable), either in person or by proxy. The Scheme also requires the Bakkavor Resolutions to be passed by the requisite majority of Bakkavor Shareholders present and voting (and entitled to vote) at the Bakkavor General Meeting, either in person or by proxy. In addition, for Completion to occur, the Greencore Resolutions must be passed by the requisite majority of Greencore Shareholders present and voting (and entitled to vote) at the Greencore General Meeting, either in person or by proxy.

Following the Bakkavor Court Meeting, the Bakkavor General Meeting, and the Greencore General Meeting, the Scheme shall not become effective unless the Scheme is sanctioned by the Court (with or without modification, and, if with modification, on terms agreed by Greencore and Bakkavor) and the Court Order is delivered to the Registrar of Companies for registration.

The Scheme is also subject to further terms and conditions that are set out in the Scheme Document and summarised below.

The Scheme Document includes full details of the Scheme (including the expected timetable for the Acquisition and how Bakkavor Shareholders can hold, access and trade their interests in New Greencore Shares), together with notices of the Bakkavor Court Meeting and Bakkavor General Meeting, the Forms of Proxy and Forms of Election.

Once the necessary approvals from Bakkavor Shareholders and Greencore Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been sanctioned by the Court, the Scheme will become effective upon delivery of the Court Order to the Registrar of Companies for registration.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Bakkavor Court Meeting or the Bakkavor General Meeting (and if they attended and voted, whether or not they voted in favour).

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as Bakkavor and Greencore may, with the consent of the Panel and, if required, the Court, agree) it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents).

The Scheme is governed by English law and is subject to the jurisdiction of the courts of England and Wales. The Scheme is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

Conditions

The Acquisition is subject to the Conditions and the full terms and conditions which are set out in the Scheme Document and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

- a resolution to approve the Scheme is passed by a majority in number, representing seventy-five per cent. or more in value, of Scheme Shareholders (or each of the relevant classes thereof, if applicable) present and voting (and entitled to vote) at the Bakkavor Court Meeting (or at any separate class meeting, if applicable), either in person or by proxy;
- the Bakkavor Resolutions are passed by the requisite majority of Bakkavor Shareholders present and voting (and entitled to vote) at the Bakkavor General Meeting, either in person or by proxy;
- the Greencore Resolutions are passed by the requisite majority of Greencore Shareholders present and voting (and entitled to vote) at the Greencore General Meeting, either in person or by proxy;
- receipt of certain antitrust and other regulatory approvals, including approval by the CMA and approval under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended);
- the FCA having acknowledged to Greencore or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Greencore Shares to the Equity Shares (Commercial Companies) category of the Official List has been approved

and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied;

- the London Stock Exchange having acknowledged to Greencore or its agent (and such acknowledgement not having been withdrawn) that the New Greencore Shares will be admitted to trading on the Main Market of the London Stock Exchange;
- following the Bakkavor Meetings and the Greencore General Meeting, the Scheme is sanctioned (with or without modification, and, if with modification, on terms agreed by Greencore and Bakkavor) by the Court;
- following such sanction, the Court Order is delivered to the Registrar of Companies; and
- the other Conditions not otherwise identified above (but set out in the Scheme Document) either being satisfied or, with the exception of certain Conditions which are not capable of waiver, waived.

CMA Condition

The Acquisition is conditional on the CMA Condition, which is specifically drawn to the attention of Bakkavor Shareholders and Greencore Shareholders. In summary (and subject to the fuller description in the Scheme Document), the satisfaction of the CMA Condition will require that either:

- (i) the CMA confirms its clearance of the Acquisition without a reference under section 33 of the Enterprise Act 2002 (a "**CMA Phase 2 Reference**") or remedies in lieu thereof; (ii) the CMA confirms its acceptance of remedies which are reasonably satisfactory to Greencore and Bakkavor without a CMA Phase 2 Reference; or (iii) the applicable waiting period expires without a CMA Phase 2 Reference; or
- if Bakkavor and Greencore both agree to proceed with a CMA Phase 2 Reference (or the Panel does not allow one of the parties to cause the Scheme to lapse or terminate in such circumstances), the CMA confirming: (i) that the Acquisition may proceed without any undertakings or orders; or (ii) its acceptance of remedies on terms reasonably satisfactory to Greencore and Bakkavor in order to allow the Acquisition to proceed.

The Combined Group's portfolio is a key part of the strategic, commercial and financial rationale for the Acquisition. Greencore and Bakkavor, therefore, have specifically agreed that Greencore is obliged to offer and accept any remedies in connection with satisfying the Regulatory Conditions except, unless the parties mutually agree in writing otherwise, Greencore shall not divest any businesses or sites in order to satisfy the CMA Condition if and to the extent that:

- the aggregate revenue (for the Financial Year 2024 of Greencore and/or Bakkavor) of the businesses and/or sites to be divested exceeds 10 per cent. of Combined Group revenue for the Financial Year 2024; or
- the revenue (for the Financial Year 2024 of Greencore and/or Bakkavor) of an individual factory within a site to be divested exceeds 3 per cent. of Combined Group revenue for the Financial Year 2024; or
- the divestment includes a site that achieved 95 per cent. or more of its revenue (for the Financial Year 2024 of Greencore and/or Bakkavor, as the case may be) from sales to a single customer (including its subsidiaries and joint venture companies).

In addition, recognising that a CMA Phase 2 Reference may result in prolonged uncertainty, delays and cost implications for both companies, Greencore and Bakkavor have agreed that they must each consent to proceed in that scenario. If such consent is withheld by either party, their ability to invoke the CMA Condition in such circumstances will be subject to the consent of the Panel in accordance with Rule 13.5(a) or Rule 13.6 of the Takeover Code (as applicable).

While Greencore and Bakkavor are confident in the approach to secure approval of the Acquisition by the CMA in a Phase 1 investigation without undertaking any remedies that are material to the Combined Group, Bakkavor Shareholders and Greencore Shareholders should note that, if the CMA Condition is not satisfied, including if Greencore and Bakkavor do not both agree to undergo a CMA Phase 2 Reference and/or the CMA requires remedies that are material to the Combined

Group, Greencore intends to seek the Panel's consent to invoke the CMA Condition in accordance with Rule 13.5(a) of the Takeover Code to lapse the Acquisition.

A decision by the Panel whether to permit Greencore to invoke a Condition under Rule 13.5(a) would be judged by the Panel by reference to the facts at the time that the relevant circumstances arise, including the views of the Board of Bakkavor at that time. Similarly, Bakkavor will require the Panel's consent should it seek to invoke the CMA Condition on a Rule 13.6 basis by virtue of Bakkavor invoking such condition or Greencore invoking at the instruction of Bakkavor (Bakkavor having withheld its consent to the matters in respect of which its consent is required under the CMA Condition). A decision by the Panel whether to permit Bakkavor to invoke the CMA Condition would be judged by the Panel in accordance with Rule 13.6 by reference to the facts at the time that the relevant circumstances arise, including the views of the Board of Greencore at that time.

Greencore's intentions in this regard have been discussed with the Board of Bakkavor, which shares Greencore's views of the impact of not satisfying the CMA Condition. Both the Board of Bakkavor and the Board of Greencore consider the CMA Condition to be a material term of the Acquisition from the perspective of their respective shareholders.

Completion

Subject to the satisfaction of the Conditions, the Scheme is expected to become Effective in early 2026. Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Bakkavor Court Meeting or the Bakkavor General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Bakkavor Shares will cease to be valid and should be destroyed, and entitlements to Bakkavor Shares held within the CREST system will be cancelled.

Any Bakkavor Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Bakkavor Resolutions to be proposed at the Bakkavor General Meeting will, among other things, provide that the Bakkavor articles of association be amended to incorporate provisions requiring any Bakkavor Shares issued after the Scheme Record Time (other than to Greencore and/or its nominees) to be automatically transferred to Greencore on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Bakkavor articles of association (as amended) will avoid any person (other than Greencore and its nominees) holding shares in the capital of Bakkavor after the Effective Date.

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as Bakkavor and Greencore may, with the consent of the Panel and, if required, the Court, agree) it will lapse and the Acquisition will not proceed (unless the Panel otherwise consents).

12. Delisting and re-registration in respect of Bakkavor

Prior to the Scheme becoming Effective, it is intended that applications will be made to: (i) the London Stock Exchange to cancel trading in Bakkavor Shares on the Main Market; and (ii) the FCA to cancel the listing of the Bakkavor Shares from the Official List, in each case with effect from the date of Admission.

The last day of dealings in, and registration of transfers of, Bakkavor Shares on the London Stock Exchange is expected to be the Business Day immediately after the Scheme Court Hearing and no transfers will be registered after 6.00 p.m. (London time) on that date.

On the Effective Date, Bakkavor will become a wholly owned subsidiary of Greencore and share certificates in respect of the Bakkavor Shares will cease to be valid and should be destroyed. In addition, the entitlements held within the CREST system to the Bakkavor Shares will be cancelled on the Effective Date.

As soon as possible after the Effective Date, it is intended that Bakkavor will be re-registered as a private company under the relevant provisions of the Companies Act 2006.

13. Listing and trading of the New Greencore Shares

Once the Scheme has become Effective, up to 361,902,219 New Greencore Shares will be allotted to Bakkavor Shareholders.

Greencore intends to make applications to the FCA for the New Greencore Shares to be admitted to listing on the Equity Shares (Commercial Companies) category of the Official List and to trading on the Main Market (together, the "**Admission**"). It is expected that dealings for normal settlement in the New Greencore Shares will commence at 8.00 a.m. (London time) on the first Business Day following the Effective Date. The New Greencore Shares will trade under the same ISIN number as the existing Greencore Shares.

Greencore is required to publish a prospectus in connection with the Admission pursuant to the Prospectus Regulation Rules (the "**Prospectus**"). Accordingly, Greencore will prepare the Prospectus which will summarise, amongst other things, the background to, and reasons for, the Acquisition and information relating to, amongst other things, the Combined Group, the New Greencore Shares and the Admission.

It is expected that the Prospectus will be published in early 2026 and made available by Greencore on its website at https://www.greencore.com/investor-relations/offer-for-bakkavor-group-plc/ and by Bakkavor on its website at https://www.bakkavor.com/en/investors/Greencore-Recommended-Offer-For-Bakkavor/. The Prospectus will be filed with and subject to the prior approval of the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

It is not expected that Greencore will be required to produce, and the Prospectus when available will not constitute, a prospectus for the purpose of the Irish Companies Act, the Prospectus Regulation (EU) 2017/1129, the European Union (Prospectus) Regulations 2019 of Ireland or the Central Bank (Investment Market Conduct) Rules 2019 of Ireland issued by the Central Bank of Ireland and no approval is expected to be required from the Central Bank of Ireland or any other "competent authority" (as such term is defined in the Prospectus Regulation (EU) 2017/1129 (as amended).

Any vote or other decision in respect of, or other response to, the Acquisition, including any vote in respect of resolutions to be proposed at the Bakkavor Meetings or the Greencore General Meeting, should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document) and the Circular. Greencore Shareholders are also urged to read the Prospectus carefully when it becomes available because it will contain important information relating to the New Greencore Shares, the Admission and the Combined Group.

The New Greencore Shares will be issued as fully paid and will rank *pari passu* in all respects with the existing Greencore Shares in issue. All Greencore Shares are dematerialised (i.e. held in 41 uncertificated form) following dematerialisation taking effect in Irish law on 1 January 2025, so no certificates will be issued in respect of the New Greencore Shares.

It is expected that the New Greencore Shares allocated to Bakkavor Shareholders who hold their Bakkavor Shares in uncertificated form through CREST at the Scheme Record Time in the Acquisition will be delivered in uncertificated form as CREST Depository Interests ("**CDIs**"). Each CDI is an English law security that represents an indirect interest in one underlying New Greencore Share. The underlying New Greencore Shares will be issued in the securities settlement system operated by Euroclear Bank to Euroclear Nominees Limited, who will issue Belgian law rights to C'IN (Belgium) Limited as the nominee for CREST Depository Limited the "**CREST Depository**"). The CREST Depository issues the CDIs by crediting the same to the CREST account of the eligible Bakkavor Shareholder (or their custodian). Such CDIs will be credited to the CREST accounts of the Bakkavor Shareholders who hold their Bakkavor Shares in uncertificated form through CREST.

Where a Greencore Shareholder (or their custodian) wishes to trade and settle their Greencore Shares on the London Stock Exchange through CREST, such Greencore Shares must be held as CDIs.

Any Bakkavor Shareholder currently holding their Bakkavor Shares as at the Scheme Record Time in certificated form will receive their New Greencore Shares in book-entry form, in which case such Bakkavor Shareholder's name will be entered directly on Greencore's Register of Members with a book entry balance equal to the number of New Greencore Shares allocated to them as consideration for the Acquisition. Greencore's share registrar is Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Citywest, Dublin 24, D24 AK82, Ireland.

Bakkavor Shareholders who receive New Greencore Shares as CDIs but wish to hold them in book-entry form in the future should consult with the nominee, custodian or broker who holds the CDIs on their behalf to make arrangements to cancel the CDIs and be withdrawn directly onto the Register of Members.

Further details on listing, dealing and settlement of New Greencore Shares will be included in the Scheme Document and Prospectus. This includes limitations in respect of the issue of New Greencore Shares to a Bakkavor Shareholder where the law of a country or territory outside the United Kingdom and Ireland precludes the allotment, issue or delivery to it of New Greencore Shares (or precludes the same except after compliance by Greencore or Bakkavor (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Greencore or Bakkavor (as the case may be) is unable to comply or compliance with which Greencore or Bakkavor (as the case may be) regards as unduly onerous).

Fractions of New Greencore Shares will not be allotted or issued to Bakkavor Shareholders. Instead, all fractional entitlements will be rounded down to the nearest whole number of New Greencore Shares and all fractions of New Greencore Shares will be aggregated and sold in the market as soon as practicable after the Acquisition becomes Effective. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to Bakkavor Shareholders who would otherwise have been entitled to such fractions, save that if the entitlement of any Bakkavor Shareholder in respect of the proceeds of sale of fractional entitlements amounts to less than £5, such proceeds will be retained for the benefit of the Combined Group.

14. Irrevocable Undertakings

Bakkavor Shares

Greencore has received irrevocable undertakings to vote (or, where applicable, procure the voting) in favour of the Scheme at the Bakkavor Court Meeting and the Bakkavor Resolutions at the Bakkavor General Meeting from each of Carrion Enterprises Ltd (which holds Bakkavor Shares on behalf of Agust Gudmundsson as beneficial owner), Umbriel Ventures Ltd (which holds Bakkavor Shares on behalf of Lydur Gudmundsson as beneficial owner) and LongRange Capital Fund I, L.P. (which is represented on the Board of Bakkavor by Robert Berlin), in respect of a total of 400,675,938 Bakkavor Shares representing approximately 69.2 per cent. of the ordinary share capital of Bakkavor in issue, as at the Latest Practicable Date.

Greencore has received irrevocable undertakings from all of the Bakkavor Directors to vote (or, where applicable, procure the voting) in favour of the Scheme at the Bakkavor Court Meeting and the Bakkavor Resolutions at the Bakkavor General Meeting in respect of the Bakkavor Shares they hold or, where applicable, in respect of the Bakkavor Shares they are able to procure voting of, which comprised, in aggregate, 1,483,223 Bakkavor Shares, as at the Latest Practicable Date, representing approximately 0.3 per cent. of the ordinary share capital of Bakkavor in issue, as at the Latest Practicable Date.

In total, Greencore has therefore received irrevocable undertakings in respect of a total of 402,159,161 Bakkavor Shares representing, in aggregate, approximately 69.4 per cent. of the ordinary share capital of Bakkavor in issue as at the Latest Practicable Date.

Greencore Shares

Bakkavor has received irrevocable undertakings from all of the Greencore Directors to vote (or, where applicable, procure the voting) in favour of the Greencore Resolutions at the Greencore General Meeting in respect of the Greencore Shares they hold or, where applicable, in respect of the Greencore Shares they are able to procure voting of, in respect of a total of 648,944 Greencore Shares representing approximately 0.1 per cent. of the ordinary share capital of Greencore in issue as at the Latest Practicable Date.

Greencore has received an irrevocable undertaking from Polaris Capital Management LLC ("**Polaris**") to vote (or, where applicable, procure the voting) in favour of the Greencore Resolutions at the Greencore General Meeting in respect of 24,126,708 Greencore Shares representing approximately 5.5 per cent. of the ordinary share capital of Greencore in issue as at the Latest Practicable Date.

Greencore has also received an irrevocable undertaking from Oasis Management Company Ltd ("**Oasis**") to vote (or, where applicable, procure the voting) in favour of the Greencore Resolutions at the Greencore General Meeting in respect of such number of Greencore Shares as are beneficially owned by it and in respect of which Oasis is entitled to vote (or procure the voting) as at the voting record date for the Greencore General Meeting. As at the Latest Practicable Date, Oasis is the beneficial owner of, and is entitled to vote (or procure the voting) in respect of 2,605,336 Greencore Shares representing approximately 0.6 per cent. of the ordinary share capital of Greencore in issue.

Therefore, as at the Latest Practicable Date, irrevocable undertakings have been received in respect of a total of 27,380,988 Greencore Shares, representing approximately 6.2 per cent. of the ordinary share capital of Greencore in issue.

In addition, as at the Latest Practicable Date, Oasis held interests (as defined in the Takeover Code) in Greencore Shares through cash-settled derivatives in respect of a total of 55,294,463 Greencore Shares representing approximately 12.5 per cent. of the ordinary share capital of Greencore in issue as at the Latest Practicable Date. Under the terms of the irrevocable undertaking from Oasis described above, Oasis undertakes that, if and to the extent that it becomes the beneficial owner of, and entitled to vote (or procure the voting of) any Greencore Shares (by virtue of settlement of such derivative interests or otherwise) at the relevant voting record time for the Greencore General Meeting, it will vote (or, where applicable, procure the voting) in favour of the Greencore Resolutions at the Greencore General Meeting in respect of such Greencore Shares.

As at the Latest Practicable Date, Rubric Capital Management L.P. ("**Rubric**") held interests (as defined in the Takeover Code) in Greencore Shares through cash-settled derivatives in respect of a total of 37,456,018 Greencore Shares representing approximately 8.5 per cent. of the ordinary share capital of Greencore in issue as at the Latest Practicable Date. Greencore has also received an irrevocable undertaking from Rubric that, if and to the extent that it becomes the beneficial owner of, and entitled to vote (or procure the voting of) any Greencore Shares (by virtue of settlement of such derivative interests or otherwise) at the relevant voting record time for the Greencore General Meeting, it will vote (or, where applicable, procure the voting) in favour of the Greencore Resolutions at the Greencore Meeting in respect of such Greencore Shares.

15. Dilution

Greencore proposes to issue up to 361,902,219 New Greencore Shares in connection with the Acquisition. The New Greencore Shares will constitute approximately 44 per cent. of the Combined Issued Share Capital following Completion.

Immediately following Completion, assuming that 361,902,219 New Greencore Shares are issued in connection with the Acquisition, existing Greencore Shareholders as at the Latest Practicable Date will, together, own approximately 56 per cent. of the Combined Issued Share Capital and the Bakkavor Shareholders will hold in aggregate approximately 44 per cent. of the Combined Issued Share Capital following Completion.

16. Bakkavor Share Plans

Participants in the Bakkavor Share Plans will be contacted regarding the effect of the Acquisition on their rights under the Bakkavor Share Plans and provided with further details concerning any proposals applicable to them in due course. Details of the impact of the Acquisition on the Bakkavor Share Plans and any proposals are set out in the Scheme Document and in separate letters to be sent to participants in the Bakkavor Share Plans.

17. Greencore General Meeting and Greencore Resolutions

Greencore General Meeting

Completion of the Acquisition is conditional upon Greencore Shareholders approving the Greencore Resolutions at the Greencore General Meeting. Accordingly, you will find set out in Part VI – *Notice of Greencore General Meeting* of this Circular a notice convening the Greencore General Meeting to be held at the Maldron Hotel Dublin Airport, Dublin Airport, Co. Dublin, K67 T6P6, Ireland at 9.30 a.m. on 4 July 2025 (or any adjournment thereof) and the full text of the Greencore Resolutions and other matters.

Greencore is calling the Greencore General Meeting on not less than 14 clear days' notice pursuant to the authority granted to it at its annual general meeting of shareholders on 30 January 2025.

Greencore Resolutions

Resolution 1 – approval of Acquisition

Resolution 1 is being proposed as an ordinary resolution to approve the Acquisition, which constitutes a reverse takeover for Greencore pursuant to the UK Listing Rules. Resolution 1 also authorises the Greencore Directors to take all steps and to do all things which they consider necessary or desirable to implement the Acquisition.

Resolution 2 – allotment of New Greencore Shares

Resolution 2, which is subject to Resolution 1 being approved, is being proposed as an ordinary resolution to authorise the Greencore Directors to allot the New Greencore Shares for the purposes of the Acquisition. In Resolution 2, shareholders are being asked to authorise the Greencore Directors to allot the New Greencore Shares for the purposes of the Acquisition credited as fully paid up to a maximum aggregate nominal amount of £3,619,022.19, representing approximately 82 per cent. of the issued share capital of Greencore as at the Latest Practicable Date. This authority shall expire at the close of business on the date falling five years after the date on which the resolution is passed. The Greencore Directors will exercise this authority only for the purpose of issuing the New Greencore Shares as consideration for the Acquisition.

Pursuant to this authority, it is proposed that the Greencore Directors will allot and issue the New Greencore Shares upon completion of the Acquisition, with the effect that the Greencore Shares held by Greencore Shareholders immediately prior to such completion will comprise 56 per cent. of the issued share capital of the Combined Group immediately following the issuance of the New Greencore Shares.

The authority to allot the New Greencore Shares under Resolution 2 does not affect the general share allotment authority granted at the 2025 annual general meeting of Greencore, which will continue in effect until the earlier of the date of the Greencore 2026 AGM or 30 April 2026, whether or not Resolution 2 is approved.

18. Further information

Your attention is drawn to the further information contained in this Circular (and accompanying documents) and in particular to the Risk Factors set out in Part II – *Risk Factors* of this Circular. Investors should read the whole of this Circular and not rely solely on information summarised in this letter, including the summarised financial information. Greencore Shareholders are also urged to read the Prospectus carefully when it becomes available because it will contain important information relating to the New Greencore Shares, the Admission and the Combined Group.

19. Financial advice

The Greencore Directors have received financial advice from Rothschild & Co in relation to the Acquisition. In providing its advice to the Greencore Directors, Rothschild & Co has relied upon the Greencore Directors' commercial assessments of the Acquisition.

20. Recommendation

In the opinion of the Board of Greencore, the Acquisition is in the best interests of Greencore and Greencore Shareholders as a whole. Accordingly, the Board of Greencore recommends unanimously that Greencore Shareholders vote in favour of all of the Greencore Resolutions to be proposed at the Greencore General Meeting which will be convened in connection with the Acquisition, as they intend to do, or procure, in respect of their own beneficial holdings of 648,944 Greencore Shares representing, in aggregate, approximately 0.15 per cent. of Greencore's ordinary share capital in issue on 10 June 2025, being the Latest Practicable Date.

Yours sincerely

Leslie Van de Walle

Chair of the Board
Greencore Group plc

PART II

RISK FACTORS

Before making any decision to vote in favour of the Greencore Resolutions at the Greencore General Meeting, Greencore Shareholders should consider the factors and the risks associated with the Acquisition and, in the case of the Combined Group, the business and the industry in which it will operate, together with all other information contained in this Circular, including, in particular, the risk factors described below. The risks disclosed are those that: (i) are material risks in relation to the Acquisition; (ii) will be material new risks to the Combined Group as a result of the Acquisition; and/or (iii) are existing material risks for the Greencore Group that will be affected by the Acquisition. Because a significant part of the Greencore Group's and Bakkavor Group's operations are similar in nature, some of the risks set out below (not including those specific to the Acquisition) will not be new risks that arise only on Completion, but will be existing risks whose potential effect may be increased as a result of the Acquisition.

The following is not an exhaustive list or explanation of all the risks that may affect the Greencore Shares, the Greencore Group and, following Completion, the Combined Group. Additional risks and uncertainties relating to the Greencore Shares, the Greencore Group and the Combined Group that are not currently known to the Greencore Directors, or that the Greencore Directors currently deem immaterial, may, individually or cumulatively, also have a material adverse effect on the business, prospects, financial condition and/or results of operations of Greencore and, following Completion, the Combined Group, and, if any such risk should materialise, the price of the Greencore Shares may decline and investors could lose all or part of their investment.

If any of the following risks actually materialise, the Combined Group's business, prospects, financial condition and/or results of operations could be materially adversely affected and the value of the Greencore Shares could decline.

The information included herein is based on information available as at the date of this Circular and, except as requested by the FCA or required by the UK Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation or any other applicable law, will not be updated. Any forward-looking statements are made subject to the reservations specified under the heading "*Cautionary Note on Forward-Looking Statements*" on page 6 of this Circular.

Greencore Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained in this Circular before deciding whether or how to vote in respect of the Greencore Resolution at the Greencore General Meeting.

The Acquisition is subject to the Conditions which may not be satisfied or waived

Completion is subject to the Conditions being satisfied (or, if permitted, waived). The Conditions include the Greencore Resolutions being passed by Greencore Shareholders at the Greencore General Meeting. The Conditions must be satisfied, or where permitted, waived, by the Long Stop Date (subject to the Takeover Code).

There is no guarantee that the Conditions will be satisfied in the necessary time frame (or waived, if applicable). The applicable regulatory authorities have discretion in imposing conditions in granting their consent, which could result in a delay in completion of, or a decision not to complete, the Acquisition. Failure to satisfy (or, where permitted, waive) these Conditions may result in the Acquisition not being completed. In particular, Greencore's ability to waive certain Conditions in respect of competition and other third party clearances is subject to the consent of Bakkavor.

Delay in completing the Acquisition will prolong the period of uncertainty for the Greencore Group and the Bakkavor Group and either a delay to or a failure to complete the Acquisition may result in the accrual of additional costs to their respective businesses without any of the potential benefits of the Acquisition having been achieved. In addition, the Greencore Group and the Bakkavor Group have incurred, and will incur, significant legal, accounting and transaction fees and other costs relating to the Acquisition, a material part of which will be payable whether or not Completion occurs.

In addition, pursuant to the Co-operation Agreement between Greencore and Bakkavor, there are certain circumstances in which the non-satisfaction of a Condition will result in Greencore becoming liable to pay, or procure the payment by Greencore Beechwood Limited of, a sum of £25 million (exclusive of any applicable VAT) to Bakkavor.

Therefore, the aggregate consequences of a material delay to completing, or a failure to complete, the Acquisition may have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Greencore Group, the Bakkavor Group and, in the case of a delay only, the Combined Group.

If the Acquisition does not complete, there may be an adverse impact on the reputation of Greencore as a result of media scrutiny arising in connection with the attempted Acquisition. In the future, this may make it more difficult for Greencore to make other acquisitions. Any such reputational risks could adversely affect Greencore's business, prospects, financial condition and/or results of operations.

The Acquisition is conditional upon satisfaction of the CMA Condition

The Acquisition is conditional on the satisfaction of the CMA Condition. In order to satisfy the CMA Condition, Greencore may be required to offer and accept certain remedies, which may include (but are not limited to) the divestment of assets of the Greencore Group and/or the Bakkavor Group. The implementation of any such remedies may have a negative impact on the value of the Combined Group and its business, prospects, financial condition and/or results of operations.

Greencore may not be able to invoke the Conditions and terminate the Acquisition

Greencore's ability to invoke a Condition (where applicable) to either lapse its offer or to delay completion of the Acquisition is subject to the Panel's consent (in addition to the provisions of the Co-operation Agreement). The Panel will normally give its consent only if it is satisfied that the underlying circumstances are of "material significance" to Greencore in the context of the Acquisition and this is a high threshold to fulfil. Consequently, there is a significant risk that Greencore may be required to complete the Acquisition even where certain Conditions have not been satisfied or where a material adverse change has occurred to the Bakkavor Group. If any of the events described above occur, it may result in additional costs and/or a delay or a failure (partial or otherwise) to realise the financial benefits and synergies relating to the Acquisition identified by the parties or may otherwise impact the Greencore Group's (and, in the case of a delay only, the Combined Group's) business, prospects, financial condition and/or results of operations.

The prospect of Completion could disrupt the businesses of the Greencore Group and/or the Bakkavor Group, which could have material adverse effects on the business, prospects, financial condition and/or results of operations of the Greencore Group, the Bakkavor Group and/or the Combined Group and the market price of the Greencore Shares

The prospect of Completion could disrupt the businesses of the Greencore Group and/or the Bakkavor Group. For instance, certain current and prospective employees of the Bakkavor Group and/or the Greencore Group may experience uncertainty about their future roles within the Combined Group, which may adversely affect the Bakkavor Group's and/or the Greencore Group's operations as well as their abilities to retain or recruit key managers and other employees. Furthermore, current and prospective customers may, in response to the proposed Acquisition, terminate, change or defer their custom, which could materially and adversely affect the revenues and profits of the Greencore Group and/or the Bakkavor Group and/or any anticipated growth in revenues. Market reaction to and/or speculation regarding the likelihood of Completion could also increase the volatility of the price of Greencore Shares.

If the Greencore Group and/or the Bakkavor Group fail to manage these risks effectively, the business, prospects, financial condition and/or results of operations of the Greencore Group, the Bakkavor Group and/or the Combined Group could be adversely affected. In addition, the Greencore Group may incur higher than expected transaction and integration related costs.

The Combined Group's success will be dependent upon its ability to integrate the Bakkavor Group and deliver the value of the combined underlying businesses; the financial benefits and synergies expected from the Acquisition may not be fully achieved

The Combined Group's future prospects will, in part, be dependent upon the Combined Group's ability to integrate the Bakkavor business successfully, without disruption to the existing business.

The integration process following Completion may be more complex than anticipated. Specifically, integrating operations and personnel and pre-Completion or post-Completion costs may prove more difficult and/or more expensive than anticipated. The integration of the Bakkavor Group may require significant time and effort on the part of Greencore's management. The challenges of integrating the Bakkavor Group may also be exacerbated by differences between the Greencore Group's and the Bakkavor Group's operational and/or business cultures, difficulties in maintaining internal controls, difficulties in implementing cost-cutting measures and/or difficulties in establishing control over cash flows and expenditures. Such difficulties in successfully integrating the Bakkavor Group could have a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

Whilst the Greencore Directors believe that there is a strong strategic, commercial and financial rationale for the Acquisition and that the Combined Group will benefit from enhanced operational capabilities, substantial cost synergies and accretion to adjusted earnings per share, and that these have been reasonably estimated, unanticipated events, liabilities, tax impacts and/or unknown pre-existing issues may arise or become apparent which could result in the costs of integration being higher and the realisable benefits and/or synergies being lower than expected, resulting in a material adverse effect on the business, prospects, financial condition and/or results of operations of the Combined Group.

Under any of these circumstances, the anticipated benefits of the Acquisition may not be achieved as expected, or at all, or may be delayed or may involve additional costs. To the extent that the Greencore Group incurs higher integration costs and/or achieves lower revenue benefits and/or fewer cost synergies than expected, the Greencore Group's operating results and prospects and/or the price of Greencore Shares may suffer. No assurance can be given that the integration process will deliver all or substantially all of the expected benefits within the assumed time frame.

The materialisation of any of the risks described above could have a material adverse effect on Greencore, Bakkavor and, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations and the market price of the Greencore Shares.

The due diligence conducted by Greencore on Bakkavor in connection with the Acquisition may not have identified all relevant risks and liabilities in respect of the Bakkavor Group

The due diligence process conducted by Greencore in connection with the Acquisition was undertaken within the time available to it, and informed by the public nature of the Acquisition and the information provided to it by Bakkavor, and was largely confirmatory in nature. This process may not have revealed all relevant considerations, liabilities or regulatory issues in relation to the Bakkavor Group, including the existence of facts that may otherwise have impacted the determination of the consideration per Bakkavor Share or the formulation of a business strategy for Greencore, Bakkavor or the Combined Group subsequent to the Acquisition. In addition, the information provided to Greencore during the due diligence process may have been incomplete, inadequate or inaccurate. To the extent that risks and/or liabilities were underestimated or were not identified during the course of due diligence, or that the assumptions upon which Greencore priced the Acquisition and modelled its effects prove to be wrong, this could have a material adverse effect on Greencore and, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations.

Certain Bakkavor agreements contain change of control provisions that may be triggered by the Acquisition and that, if acted upon or not waived, could cause the Combined Group to lose the benefit of such agreements

The Bakkavor Group is party to, or may be party to after the date of this Circular, various agreements with third parties (including commercial contracts and property lease arrangements) that contain change of control provisions that may be triggered upon the Effective Date. Agreements with such provisions may provide for or permit the termination of the agreement upon the occurrence of a change of control, unless such right is waived by the relevant counterparties. Greencore and Bakkavor intend to engage as necessary with such counterparties in respect of such agreements prior to Completion. However, in the event that there is such a contract or arrangement requiring a consent or waiver in relation to the Acquisition, for which such consent or waiver is not obtained, the Combined Group could lose the benefit of the underlying agreement and incur liabilities, which could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Combined Group.

Greencore and Bakkavor are and, following Completion, the Combined Group will continue to be, affected by adverse developments in general business and economic conditions, as well as unexpected events; the Combined Group will need to build resilience into its strategy in order to successfully deal with such developments

Greencore and Bakkavor have and, following Completion, the Combined Group will have, a significant trading presence in the UK, and if Completion of the US Sale has not occurred prior to the Effective Date, the US. As a result, the Combined Group will be exposed to the general economic condition of the UK and, if applicable, US, economy. As a result of a variety of factors, including but not limited to significant inflationary pressures and persistently higher interest rates, the trade policies of the U.S. administration, the ongoing Russian invasion of Ukraine as well as the conflicts in the Red Sea/Middle East, delays in shipping, levels of employment, government policies on spending and/or fiscal stimulus, fluctuations in weather and other seasonal cycles have had and could continue to have a negative impact on the macro-economic environment and consequently on the business of the Greencore Group, the Bakkavor Group and, following Completion, the Combined Group. Moreover, any significant deterioration in current negative macroeconomic conditions, or any recovery therefrom that is significantly slower than anticipated, could have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Greencore Group, the Bakkavor Group and, following Completion, the Combined Group.

The Combined Group may also be adversely affected by catastrophic or other unforeseen events, including health epidemics or pandemics, such as COVID-19, natural disasters, geopolitical events, military conflicts, terrorism, port and canal blockages and similar disruptions, political, financial or social instability, or civil or social unrest. The COVID-19 pandemic adversely impacted the businesses of both the Greencore Group and Bakkavor Group, including as a result of the significantly reduced demand for food to go products given restrictions on mobility, as well as supply chain and labour disruptions, and higher costs. If public health conditions related to COVID-19 or a similar health epidemic or pandemic were to significantly worsen in the UK and/or in other markets in which Greencore and Bakkavor operate and, following Completion, the Combined Group operates, their business, prospects, financial condition and/or results of operations could be adversely impacted. Greencore, Bakkavor and, following Completion, the Combined Group may be unable to effectively respond to or predict any such developments.

The external environment is increasingly volatile and uncertain, and like all large, complex businesses, the Combined Group will be exposed to a range of potentially disruptive events including those detailed above. A failure to effectively build resilience into the Combined Group's strategy and operations may result in it being less equipped to survive, innovate and thrive, in the face of future risks of this nature. If an adverse event were to materialise, therefore, it would be more likely to have a material adverse effect on the business, prospects, financial condition and/or results of operations of the Combined Group.

The Combined Group will operate in a competitive market, with customers having an ability to switch to alternative suppliers, and there can be no assurance that, following the Acquisition, the Combined Group will be able to compete effectively

The market in which Greencore, Bakkavor and, following Completion, the Combined Group operate is served by a range of competitors that are active in single or multiple product categories, and in some cases across several geographies. Some of Greencore, Bakkavor and, following Completion, the Combined Group's competitors are firms which may have greater financial resources than the Combined Group and/or greater ability to adapt to changing market conditions or an increasingly competitive market environment.

Following Completion, the Combined Group may not be able to compete effectively with current competitors or with potential new competitors. Any increase in price competition, innovation and/or technical advances by competitors or the adoption by competitors of new pricing or promotional strategies could adversely affect the Combined Group's competitive position and ability to market and sell its products and therefore adversely affect its business, prospects, financial condition and/or results of operations. In addition, the Combined Group's ability to compete effectively requires it to be successful in acquiring and retaining customers, product development and innovation, operational efficiency and effective manufacturing and procurement processes.

Following the Acquisition, customers could choose to move some or all of their business to the Combined Group's competitors. In addition, Greencore, Bakkavor and, following Completion, the

Combined Group operate in sectors where business is undertaken without long-term contracts and customers generally have the ability to switch to alternative suppliers. The Combined Group will therefore be subject to the risk that a deterioration in its competitive position may have an immediate impact on its ability to compete effectively with its competitors, and ultimately adversely and significantly impact on its business, prospects, financial condition and/or results of operations.

Demand for the Combined Group's products may be affected by changes in consumer behaviour and demand and changes in consumer legislation and customer requirements

Greencore, Bakkavor and, following Completion, the Combined Group are dependent on their ability to produce food products that meet consumer demand and that are in line with legislation covering food that impacts the requirements of its customers.

There are a number of trends in consumer preferences and consumer legislation in the UK and the EU which impact the industry as a whole. These trends include, among others, dietary concerns (including sugar, salt and fat reduction), the provenance of ingredients and nutritional requirements. These trends may reduce demand for the products that the Combined Group produces. In addition, providing or developing modified or alternative products to meet changing consumer trends may lead to increased costs. The Acquisition may increase the Combined Group's exposure to changes in market trends relating to the supply of certain food products.

The Combined Group may also be subject to new customer-mandated obligations in addition to regulatory requirements. Any failure to comply with customer-mandated obligations could also result in loss of customer contracts, orders or damages that may adversely affect the Combined Group's business, prospects, financial condition and/or results of operations.

Additionally, the Combined Group may also be subject to changes in regulation to address concerns in relation to dietary trends. This could include the introduction of additional labelling requirements, and levying additional taxes on, or restricting the production or advertising of, certain product types, which could increase the Combined Group's compliance costs or make it more difficult for the Combined Group to market its products, which could adversely affect the Combined Group's business, prospects, financial condition and/or results of operations. As a result of the Acquisition, the Combined Group's exposure to changes in regulations relating to these issues will increase relative to its current exposure.

The Combined Group is reliant on the performance and retention of key personnel

The success of Greencore, Bakkavor and, following Completion, the Combined Group, depends on retaining, developing and recruiting highly skilled, competent people at all levels of the organisation. The success of Greencore, Bakkavor and, following Completion, the Combined Group may make their employees attractive hiring targets for competitors. To retain key employees, Greencore, Bakkavor and, following Completion, the Combined Group may be required to keep pace with increases in salaries due to competitive pressures.

Following Completion, the Combined Group's future success will depend in large part upon the continued service of a strong senior management team, who are critical to the overall management of the Combined Group as well as the development of its business, culture and strategic direction. There can be no assurance as to the continued service of the Combined Group's key personnel. The risk that key personnel are not retained by the Combined Group may be heightened by virtue of the planned integration process following Completion. The departure of any of these individuals from the Combined Group without adequate replacement may have a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

Greencore and Bakkavor have, and following Completion the Combined Group will have, a high reliance on labour

Greencore and Bakkavor are, and following Completion the Combined Group will be, reliant on high volumes of labour in its production processes. Following Completion, the Combined Group will be required to compete with other manufacturers for skilled, competent employees. The supply of such employees is limited and competition to hire and retain them may result in higher labour costs. The Combined Group will also be exposed to regulatory changes in respect of labour, such as increases in the UK national minimum wage and national living wage. Although the Combined Group could look to mitigate its reliance on labour, including the use of agency workforce to enable some flexibility in labour-model, and further automation of its manufacturing processes, higher labour costs and strains on retention could adversely affect the Combined Group's profitability. A dynamic political, economic and social external context, and the fast-paced and variable labour needs of the Combined Group, could increase the costs of this labour in unsustainable ways, thereby having a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group is at risk from significant and rapid changes in legal systems, regulatory controls, and customs and practices in the countries in which it will operate; failure by the Combined Group or third-party suppliers to comply with food safety or other regulations may adversely affect the business of the Combined Group

Law and regulation in the markets in which they operate affect a wide range of areas relevant to Greencore, Bakkavor and, following Completion, the Combined Group's businesses, in addition to consumer legislation and customer requirements; for instance, their property rights; their ability to transfer funds and assets between group companies or externally; employment practices; data protection; environment; health and safety issues; and accounting, taxation and stock exchange regulation.

The Combined Group will also rely on third-party suppliers to supply raw materials. Such suppliers are subject to a number of regulations, including food safety regulations. Failure by any of these suppliers to comply with regulations, or allegations of compliance failure, may disrupt their ability to supply raw materials relied upon by the Combined Group resulting in the disruption of its business. Any such disruption may have a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

As a supplier of products intended for human consumption, the Combined Group will be subject to a complex and constantly evolving regulatory landscape, including with respect to product composition, manufacturing, storage, handling, packaging, labelling and the safety of its products. Any non-compliance with applicable laws and regulations may subject the Combined Group to civil remedies, including fines, injunctions, damages, personal injuries liability, product recalls or asset seizures, as well as potential criminal sanctions, any of which may adversely affect the Combined Group's business, prospects, financial condition and/or results of operations. Any failure to comply with such regulations may also adversely affect customers' perception of the Combined Group. A failure to comply with applicable regulations could also result in loss of customer contracts, orders or damages, thereby adversely affecting the Combined Group's business, prospects, financial condition and/or results of operations.

As a result of the Acquisition, the Combined Group's exposure to risks of regulatory change may increase relative to the Greencore Group's current exposure. In addition, as a result of the Acquisition, the number of significant customers of the Combined Group may increase, with a corresponding increase in the number of different customer requirements to be complied with, which could add complexity and require further compliance and quality control measures for the Combined Group.

The Combined Group could suffer disruption to its facilities and/or supply chain

The Combined Group's facilities could be adversely affected by unforeseen events, including fire, structural collapse, machinery failure, extended or extraordinary maintenance, road construction or closures of primary access routes, flooding or other severe weather conditions. Any prolonged and/or significant disruption to the Combined Group's facilities could adversely affect its operations. Any insurance carried by the Combined Group in respect of such business interruption may be insufficient to cover all of its losses, and such events may affect the Combined Group's ability to obtain such coverage in future. Damage or disruption to its facilities would therefore adversely affect the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group's suppliers may also suffer from external factors such as crop failures, extreme weather, natural disasters, and geopolitical conflict disruption and operational risks. Additionally, challenging economic conditions could impair the solvency of the Combined Group's suppliers, affecting their ability to fulfil their obligations to the Combined Group. Although Greencore and, following Completion, the Combined Group, will have in place a broad supply chain, it may be costly or otherwise difficult for the Combined Group to find suitable alternative suppliers, resulting in significant shortages and/or increased costs. Any significant disruptions to the Combined Group's supply chain could result in its customers finding other suppliers, thus leading to a loss of business, thereby having a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group will be highly reliant on its IT systems; any breakdown or failure in the Combined Group's IT systems could result in a disruption to its business

Greencore and Bakkavor rely and, following Completion, the Combined Group will rely heavily on information technology to support their businesses. This requires continuous investment and innovation. In addition, failure to successfully modernise and standardise the IT estate may lead to inefficient operations, ineffective decision-making, and an inability to build and maintain competitive advantage, impacting the performance of Greencore and Bakkavor and, following completion, the Combined Group.

In addition, Greencore, Bakkavor and, following Completion, the Combined Group's IT systems may be subject to damage and/or interruption from, among other things, computer, network and telecommunications failures, power outages, computer viruses, security breaches and usage errors by their employees. In the event that Greencore, Bakkavor and, following Completion, the Combined Group's IT systems are damaged or cease to function properly, their operations may be significantly disrupted while replacement IT systems and services are implemented, and may suffer loss of critical data. Where such damage or interruption is caused by a provider of third-party technology, the remedies available to Greencore, Bakkavor and, following Completion, the Combined Group will depend on the terms and conditions agreed with such third party. Any problems with Greencore, Bakkavor and, following Completion, the Combined Group's IT systems, or any material disruption in such systems, could have a material adverse effect on their business, prospects, financial condition and/or results of operations.

The Combined Group's IT systems may be vulnerable to security risks, such as cyber-attacks or other leakage of sensitive data, which could adversely affect the business

Greencore and Bakkavor receive, process and store data in the conduct of their business that is sensitive, commercially valuable and/or subject to data protection laws in the countries in which it operates. In addition, the management information systems of Greencore and Bakkavor are a critical part of the effective operation of their respective businesses and meeting their obligations to their respective customers.

Greencore and Bakkavor may be vulnerable to cyber-attacks that could result in data breaches, unauthorised access, computer viruses and other security issues, and such attacks may not be detected before or following Completion. If damage were caused to the information and operating systems were compromised or the information contained in the management information systems was lost, this could impact the ability of Greencore or Bakkavor to fulfil their obligations. Additionally, the increased global footprint of the Combined Group increases the vulnerability to cyber-crime.

Although Greencore and Bakkavor have policies and procedures in place and take measures to protect data and IT systems in accordance with applicable laws, the security measures taken may ultimately prove inadequate. Unauthorised access to, loss or leakage of sensitive data, fraud in relation to sensitive data or violation of data protection laws due to cyber-attacks or breaches of the security arrangements intended to protect Bakkavor's or Greencore's management information systems may result in reputational damage, regulatory sanctions, fines or penalties, litigation, loss of market share, loss of transaction volumes, loss of customers, loss of revenues or financial losses, any of which could also have a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group's success will be dependent upon its ability to deliver its sustainability strategy

Climate change, including both the direct physical impact as well as the indirect consequences of regulation and changing customer preferences, has the potential to disrupt Greencore's, Bakkavor's and, following Completion, the Combined Group's operations. The success of the Combined Group's business will therefore depend upon the social and environmental sustainability of its operations, the resilience of its supply chains and broader operations and the Combined Group's ability to manage the impact of any potential climate change effects on its strategy. The Better Future Plan, which provides a roadmap for its contribution to transforming the food system to have a positive impact on people and the planet, is a key part of the Greencore Group's, and following Completion, will be a key part of the Combined Group's, strategy and is important to its stakeholders. Successful delivery of these commitments will need to involve new ways of thinking and working commercially and operationally, a significant investment in resources and the prioritisation of these ambitions. Despite the Combined Group's commitment to the Better Future Plan, which forms a core part of its overall strategy, there can be no assurance that the Combined Group will be successful in pre-empting and adapting to the consequences of climate change in a timely manner. Failing to deliver on its commitments could impact the future success of the Combined Group and cause reputational damage and harm its relationships with its customers, employees and interest groups, thereby having a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group has an obligation to minimise the impact of its manufacturing and other operations on the environment and will be subject to environmental laws and regulations

Greencore and Bakkavor have and, following Completion, the Combined Group will have significant manufacturing operations. It therefore has an obligation to minimise the impact of these activities on the environment. Failure to sufficiently monitor and manage operational activities to minimise the environmental impacts could lead to business disruption and cause financial and reputational damage to the Group. Failure to comply with environmental requirements may result in fines and penalties and liability for compliance costs and damages. Additionally, Greencore, Bakkavor or, following Completion, the Combined Group may be liable for the costs of remediating pollution located on, under or in facilities they currently or formerly owned, leased or occupied, whether or not they caused or knew of the pollution. The materialisation of any such environmental risk could have a material adverse effect on Greencore, Bakkavor and, following Completion, the Combined Group's business, prospects, financial condition and/or results of operations.

The Combined Group's success will be dependent on its ability to successfully implement improvements to its business architecture through the Making Business Easier programme

Greencore is and, following Completion, the Combined Group will be committed to improving, through the Making Business Easier programme, the efficiency and effectiveness of its business processes. The programme seeks to address the Greencore Group's history of disparate and inconsistent systems and processes across various functions and a lack of standardisation and integration. There is no guarantee, however, that such improvements will be achieved. The integration of the Bakkavor Group following Completion may increase the complexity of the Making Business Easier programme as well as utilise time and resources that may otherwise be allocated to the programme. Failure to deliver these improvements to its business architecture could impede the Combined Group's performance and restrict long-term growth, thereby having a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

As a result of the Acquisition, the Greencore Group's and, following Completion, the Combined Group's level of indebtedness and financial leverage is expected to rise

A portion of the consideration payable by Greencore on Completion will be financed using new debt facilities. As a result, the Greencore Group's (and, following Completion, the Combined Group's) net debt and leverage position is anticipated to rise at the financial year-end immediately following Completion. It is expected that the Greencore Group's and, following Completion, the Combined Group's leverage to be approximately 2.5x Net Debt to Adjusted EBITDA (pre IFRS 16 and as measured under the financing agreements). This is above Greencore's medium term leverage ratio range of 1.0 to 1.5x but it is expected that strong cash generation will drive significant de-leveraging in the period following Completion such that the Combined Group's net leverage ratio will return to within the Greencore Group's current medium-term range within two years following Completion. However, if the Greencore Group's or, following Completion, the Combined Group's actual net leverage exceeds such estimates, cash generation following Completion does not reach expected levels or the anticipated synergies of the Acquisition are not realised, this may affect the Greencore Group's or, following Completion, the Combined Group's flexibility to fund future growth, which may have a material adverse effect on the Combined Group's business, prospects, financial condition and/or results of operations.

PART III

HISTORICAL FINANCIAL INFORMATION OF THE BAKKAVOR GROUP

The following historical financial information on the Bakkavor Group is included in Appendix III – *Historical Financial Information of the Bakkavor Group*:

- the audited consolidated financial statements (together with the independent audit report and notes to the financial statements) of the Bakkavor Group for the 52-week period ended 30 December 2023; and
- the audited consolidated financial statements (together with the independent audit report and notes to the financial statements) of the Bakkavor Group for the 52-week period ended 28 December 2024.

PwC issued unqualified audit opinions on Bakkavor's consolidated financial statements for each of the 52-week period ended 30 December 2023 and 52-week period ended 28 December 2024.

Each of these financial statements has been extracted without adjustment (in each case, as originally published) and reproduced in Appendix III – *Historical Financial Information of the Bakkavor Group* to this Circular. Consequently, page numbers and other references may no longer be valid (in particular, there may be references to other parts of the annual reports not reproduced in the Appendix). The terms used in the Bakkavor Group historical financial information have the meaning given to them in the relevant annual reports and accounts and not the meaning given to that term in this Circular.

Part IV

ADDITIONAL INFORMATION

1. Responsibility

Greencore and the Greencore Directors, whose names and principal functions are set out in paragraph 3.a (*Directors*) below, accept responsibility for the information contained in this Circular. To the best of the knowledge of Greencore and the Greencore Directors, the information contained in this Circular is in accordance with the facts and the Circular makes no omission likely to affect its import.

2. Greencore corporate information

Greencore was incorporated and registered in Ireland on 14 February 1991 under the Companies Act 1963 to 1990 as a public company limited by shares with company number 170116 and with the name of Greencore public limited company. The name of Greencore public limited company was changed to Greencore Group public limited company on 27 July 1993. The principal laws and legislation under which Greencore operates is the Irish Companies Act, as amended, and the applicable regulations made thereunder.

Greencore is domiciled in Ireland with its registered office at Fourth Floor, Block Two, Dublin Airport Central, Dublin Airport, Swords, Dublin K67 E2H3, Ireland. Greencore's telephone number is +353 (0) 1 605 1000 and its Legal Entity Identifier is 635400GGBEWULJXM5868.

Greencore's website is www.greencore.com. The information on Greencore's website does not form part of this Circular.

3. Directors

a. Greencore Directors

The Greencore Directors and their roles are as follows:

Leslie Van de Walle (*Non-Executive Director & Board Chair*)
Dalton Philips (*Chief Executive Officer*)
Catherine Gubbins (*Chief Financial Officer*)
Linda Hickey (*Non-Executive Director*)
Alastair Murray (*Non-Executive Director*)
Anne O'Leary (*Non-Executive Director*)
Helen Rose (*Non-Executive Director*)
Harshitkumar (Hetal) Shah (*Non-Executive Director*)

b. Proposed Directors

Pursuant to the Relationship Agreement, Agust Gudmundsson and Lydur Gudmundsson (the "**Proposed Directors**") are expected to be appointed to the board of the Combined Group upon Completion, as Independent Non-Executive Directors.

4. Greencore Directors' interests

a. Share interests

The Greencore Directors have the following interests in Greencore Shares (including beneficial interests or interests of a person connected with a Greencore Director) as at the Latest Practicable Date:

Director	No. of Greencore Shares	Percentage of issued ordinary share capital as at the Latest Practicable Date (%)(1)
Dalton Philips	195,000	0.04
Catherine Gubbins	0	0.00
Linda Hickey	50,000	0.01
Alastair Murray	70,000	0.02
Anne O'Leary	50,000	0.01
Helen Rose	98,550	0.02
Harshitkumar (Hetal) Shah	40,394	0.01
Leslie Van de Walle	145,000	0.03

(1) Percentages have been given to two decimal places

b. Share awards

The Greencore Directors hold the following interests in Greencore Shares as options or awards as at the Latest Practicable Date:

Director name	Share plan	Date of grant	Number of ordinary shares (under option or other award)	Exercise / Vesting Period	Exercise price (per share) (£)
Dalton Philips	Performance Share Plan ("**PSP**")	09.12.2024	566,230 (plus 4,148 shares as dividend equivalent)	09.12.2027 – 09.12.2029	Nil
	Deferred Bonus Plan ("**DBP**")	09.12.2024	196,809 (plus 1,188 shares as dividend equivalent)	09.12.2027 – 09.12.2027	Nil
	DBP	04.12.2023	378,609 (plus 2,286 shares as dividend equivalent)	04.12.2026 – 04.12.2026	Nil
	PSP	04.12.2023	1,113,693 (plus 8,159 shares as dividend equivalent)	04.12.2026 – 04.12.2028	Nil
	PSP	08.12.2022	1,548,767 (plus 11,346 shares as dividend equivalent)	08.12.2025 – 08.12.2027	Nil
Catherine Gubbins	PSP	09.12.2024	234,464 (plus 1,718 shares as dividend equivalent)	09.12.2027 – 09.12.2029	Nil
	DBP	09.12.2024	50,707 (plus 306 shares as dividend equivalent)	09.12.2027 – 09.12.2027	Nil
	PSP	22.03.2024	458,085 (plus 3,356 shares as dividend equivalent)	22.03.2027 – 22.03.2029	Nil

5. Service contracts of Greencore Directors and Proposed Directors

a. Executive Directors

Director	Date of commencement of current role	Date of service contract	Notice Period	Term	Base salary
Dalton Philips	26 September 2022	13 May 2022	12 months (Greencore) 6 months (Dalton)	Indefinite	€748,046
Catherine Gubbins	6 February 2024	5 September 2023	6 months	Indefinite	€413,000

The service contracts make provision, at the Greencore Board's discretion, for early termination involving payment of salary and other emoluments in lieu of notice.

Dalton and Catherine were re-elected by ordinary resolution at Greencore's annual general meeting of shareholders on 30 January 2025.

b. Non-Executive Directors

The Non-Executive Directors do not have service contracts with Greencore but instead have letters of appointment, the terms of which recognise that their appointments are subject to the Greencore Articles.

Director	Effective date of appointment	Expiry of appointment	Notice Period	Fees
Linda Hickey	1 February 2021	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum, plus €16,500 gross per annum for roles as Senior Independent Director and Chair of the Remuneration Committee
Alastair Murray	1 February 2023	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum, plus €16,500 gross per annum for role as Chair of the Audit and Risk Committee
Anne O'Leary	1 February 2021	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum
Helen Rose	11 April 2018	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum, plus €10,000 gross per annum for role as Chair of the Sustainability Committee
Harshitkumar (Hetal) Shah	1 April 2023	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum
Leslie Van de Walle	1 December 2022	Greencore 2026 AGM	3 months (by Director)	€80,535 gross per annum, plus €177,590 gross per annum for roles as Board Chair and Chair of the Nomination and Governance Committees

All Non-Executive Directors submit themselves for election at Greencore's annual general meeting of shareholders following their appointment and, in line with the Greencore Articles and the UK Corporate Governance Code, each Director retires at each subsequent annual general meeting of shareholders and offers himself or herself for re-election as appropriate.

Non-Executive Directors are not entitled to any payment in lieu of notice.

c. Proposed Directors

Pursuant to the terms of the Relationship Agreement, the letters of appointment for Agust Gudmundsson and Lydur Gudmundsson are expected to offer terms which will follow Greencore's standard form of letter of appointment for Non-Executive Directors, with remuneration being in line with the Greencore Directors' remuneration policy, and a notice period of 3 months.

6. Significant interests in Greencore Shares

Insofar as it is known to Greencore as at the Latest Practicable Date, Greencore had been notified in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules that the following persons were directly or indirectly interested in 3 per cent. or more of Greencore Shares (being the threshold for notification in respect of voting rights):

Name of shareholder	Date of last DTR5 notification	Notified number of voting rights	As percentage of total voting rights as at Latest Practicable Date (%)[1]
Oasis Management Company Limited	7 April 2025	57,439,647	13.0
JP Morgan Asset Management Holdings Inc	9 June 2025	29,654,597	6.7
Rubric Capital Management LP	27 May 2022	27,415,831	6.2
BlackRock, Inc	28 May 2025	26,718,821	6.1
The Goldman Sachs Group, Inc[2]	6 June 2025	25,871,227	5.9
Societe Generale	7 May 2025	24,854,273	5.6
UBS Group AG	29 May 2025	23,715,549	5.4
Brandes Investment Partners LC	3 September 2024	22,522,624	5.1
Polaris Capital Management LLC	21 April 2025	21,957,531	5.0
FIL Limited	8 April 2025	15,823,718	3.6
HSBC Holdings plc	21 May 2025	13,852,761	3.1

(1) Percentages have been given to one decimal place
(2) The notification received from Goldman Sachs Group, Inc was pursuant to the Irish Companies Act 2014 instead of DTR 5

7. Bakkavor's board of directors

Bakkavor Directors	Simon Burke (*Chairman*) Mike Edwards (*Chief Executive Officer*) Lee Miley (*Chief Financial Officer*) Jill Caseberry (*Senior Independent Director*) Sanjeevan Bala (*Non-Executive Director*) Umran Beba (*Non-Executive Director*) Agust Gudmundsson (*Non-Executive Director*) Lydur Gudmundsson (*Non-Executive Director*) Denis Hennequin (*Non-Executive Director*) Jane Lodge (*Non-Executive Director*) Robert Berlin (*Non-Executive Director*)
Company Secretary	Annabel Tagoe-Bannerman (*Group General Counsel and Company Secretary*)
Registered Office	Fitzroy Place, 5th Floor 8 Mortimer Street London W1T 3JJ England

8. **Material contracts**

a. **Material contracts in respect of Greencore**

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which Greencore or any member of the Greencore Group is a party, for the two years immediately preceding the date of publication of this Circular and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Greencore Group which contains any provision under which any member of the Greencore Group has any obligation or entitlement which is material to the Greencore Group as at the date of this Circular:

(i) Co-operation Agreement

On 15 May 2025, Greencore and Bakkavor entered into the Co-operation Agreement in relation to the Acquisition.

Pursuant to the terms of the Co-operation Agreement, Greencore has agreed to take all reasonable steps to satisfy certain regulatory Conditions (including the CMA Condition) (the "**Regulatory Conditions**") as soon as is reasonably practicable and, in any event, in sufficient time to allow the Effective Date to occur by the Long Stop Date. In respect thereof, the parties have agreed that Greencore is obliged to offer and accept any remedies in connection with satisfying the Regulatory Conditions except, unless the parties mutually agree in writing otherwise, Greencore shall not divest any businesses or sites in order to satisfy the CMA Condition if and to the extent:

- the aggregate revenue (for the Financial Year 2024 of Greencore and/or Bakkavor) of the businesses and/or sites to be divested exceeds 10 per cent. of Combined Group revenue for the Financial Year 2024; or
- the revenue (for the Financial Year 2024 of Greencore and/or Bakkavor) of an individual factory within a site to be divested exceeds 3 per cent. of Combined Group revenue for the Financial Year 2024; or
- the divestment includes a site that achieved 95 per cent. or more of its revenue for Financial Year 2024 of Greencore and/or Bakkavor, as the case may be, from sales to a single customer (including its subsidiaries and joint venture companies),

(the "**Remedies Threshold**").

In addition, Greencore and Bakkavor have each agreed to certain cooperation provisions and obligations in relation to the making of filings to relevant authorities in connection with the Acquisition.

The Co-operation Agreement records the parties' intention to implement the Acquisition by way of the Scheme and set outs the circumstances in which Greencore may elect to switch from a Scheme to a Takeover Offer and the obligations which would apply to Greencore in such circumstances.

Pursuant to the terms of the Co-operation Agreement and the requirements of paragraph 3(g)(i) of Appendix 7 to the Takeover Code, Greencore undertakes that it will deliver a notice in writing to Bakkavor and the Panel on the Business Day prior to the day of the Court hearing to sanction the Scheme confirming either: (i) the satisfaction or waiver of the Conditions (other than certain Conditions relating to the sanction of the Scheme by the Court); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

Greencore shall be liable to pay, or procure the payment by Greencore Beechwood Limited of, a sum of £25 million (exclusive of any applicable VAT) to Bakkavor in certain circumstances, including if: (i) the Greencore Directors withdraw or adversely modify or qualify their recommendation in respect of the Acquisition; (ii) the Greencore General Meeting is not held by the 22nd day after the expected date of the Greencore General Meeting as set out in this Circular (or such later date, if any, as may be agreed in writing between Greencore and Bakkavor); and (iii) prior to the Long Stop Date any of the Regulatory Conditions has been invoked by Greencore (with the consent of the Panel) or if such Conditions are not satisfied two days prior to the Long Stop Date. No such payment obligation shall arise if prior to such event Bakkavor has breached certain provisions of the Co-operation Agreement, the Bakkavor Board has withdrawn or adversely modified or qualified its recommendation in respect of the Acquisition, or Bakkavor has deemed that the remedies offered or accepted by Greencore in respect of satisfying the Regulatory Conditions are not reasonably satisfactory to it.

Certain terms and conditions applicable to the CVR Consideration are included in the Co-operation Agreement, as summarised in paragraph 2 (*Contingent Value Rights*) in Part I – *Letter from the Chair of Greencore* of this Circular. In addition, the parties have agreed certain arrangements and limitations in relation to the payments of dividends, as summarised in paragraph 3 (*Dividends*) in Part I – *Letter from the Chair of Greencore* of this Circular.

The Co-operation Agreement also contains provisions that apply in respect of the Bakkavor Share Plans and certain other employee-related matters.

The Co-operation Agreement is capable of termination in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, if a switch to a Takeover Offer occurs which is not agreed to by Bakkavor, if a third party announces a firm intention to make an offer for Bakkavor which completes, becomes effective or becomes unconditional, if prior to the Long Stop Date any Condition has been invoked by Greencore (with the consent of the Panel), if the Greencore Directors withdraw or adversely modify or qualify their recommendation of the Acquisition, if the Scheme does not become Effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Greencore and Bakkavor.

(ii) Sponsor's Agreement

On 12 June 2025, Greencore and Rothschild & Co entered into a sponsor's agreement in connection with Rothschild & Co's role as Greencore's sponsor in relation to the Acquisition and Admission (the "**Sponsor's Agreement**"). Pursuant to the Sponsor's Agreement, Greencore has agreed to provide Rothschild & Co with certain customary representations, warranties, undertakings and indemnities. Rothschild & Co may terminate the Sponsor's Agreement and its role as sponsor in certain customary circumstances.

(iii) Revolving Loan Facility Agreement

On 20 November 2023, Greencore (as a borrower) and certain of its subsidiaries (as obligors) entered into a revolving credit facility agreement with The Governor and Company of the Bank of Ireland (as agent) and the financial institutions party thereto (as lenders) (the "**Greencore Revolving Facility Agreement**"), pursuant to which a £350,000,000 revolving credit facility was made available to the borrowers (the "**Greencore Revolving Facility**").

Obligors

Greencore, Greencore UK Holdings Limited and Greencore Beechwood Limited are all borrowers under the Greencore Revolving Facility (collectively, the "**Borrowers**") and each Borrower's obligations under the Greencore Revolving Facility are jointly and severally guaranteed by the other Borrowers and certain other subsidiaries of Greencore (collectively, the "**Guarantors**" and together with the Borrowers, the "**Obligors**").

The Greencore Revolving Facility Agreement includes a requirement that the Guarantors collectively account for at least 70 per cent. of each of the consolidated gross assets and pre-tax profits of the Greencore Group (as determined by reference to the latest audited consolidated financial statements of Greencore). In addition, each "material subsidiary" (being a subsidiary of Greencore the gross assets or pre-tax profits of which account for at least 10 per cent. of the consolidated gross assets or pre-tax profits of the Greencore Group) is required to accede to the terms of the Greencore Revolving Facility Agreement as an additional Guarantor.

Purpose

The Greencore Revolving Facility was originally drawn down in part for the purpose of refinancing Greencore's then existing facility agreement and the loan proceeds are currently able to be applied to the working capital and general corporate purposes of the Greencore Group.

Term and Maturity

The Greencore Revolving Facility is currently scheduled to expire on 20 November 2029 (the "**Greencore Revolving Facility Termination Date**") and is available to be drawn down by a Borrower on any date (subject to the satisfaction of customary conditions precedent) until the date that is one month prior to the Greencore Revolving Facility Termination Date.

Greencore may request that the Greencore Revolving Facility Termination Date be extended by a further 12 months (such extension being at the discretion of the then lenders under the Greencore Revolving Facility Agreement).

The lenders under the Greencore Revolving Facility Agreement will be obliged to advance loans to the Borrowers during the above period provided that:

(A) no event of default (in the case of a rollover loan) or no default (in the case of any other loan) is continuing or would result from the proposed utilisation; and

(B) certain specified representations to be made by each Obligor are true in all material respects.

Currency and Interest

The Greencore Revolving Facility is available to be drawn in euro, sterling and US dollars (or any other currency approved by the lenders).

Interest will be charged on each loan advanced under the Greencore Revolving Facility at the applicable interest rate which shall be the aggregate percentage rate per annum of the applicable margin (which shall be determined in accordance with an agreed ratchet based on Greencore's leverage ratio) and (i) EURIBOR (with respect of loans in euro), (ii) SONIA (with respect of loans in sterling) and (iii) SOFR (with respect to loans in US dollars).

Fees

Customary commitment, utilisation, arrangement, agency and extension fees are payable in connection with the Greencore Revolving Facility and Greencore's entry into the Greencore Revolving Facility Agreement.

Prepayment Events

The Greencore Revolving Facility Agreement contains mandatory cancellation and prepayment provisions linked to illegality, change of control and certain disposals.

Representations, warranties and undertakings

The Greencore Revolving Facility Agreement contains customary representations, warranties and undertakings.

Financial Covenants

The Greencore Revolving Facility Agreement contains leverage and interest cover financial covenants. These covenants are tested semi-annually by reference to the latest financial statements of the Greencore Group.

Events of Default

The Greencore Revolving Facility Agreement also includes certain customary events of default which are subject to standard grace periods and materiality thresholds.

Governing Law

The Greencore Revolving Facility Agreement is governed by Irish law.

(iv) Bilateral Facility Agreement

On 20 November 2023, Greencore and certain of its subsidiaries (each, as guarantors) entered into an amended and restated term loan facility agreement with Coöperatieve RaboBank U.A. (as lender) (the "**Greencore Bilateral Facility Agreement**"), pursuant to which a £50,000,000 term loan facility agreement was made available to Greencore Beechwood Limited (the "**Borrower**") (the "**Greencore Bilateral Facility**").

Obligors

The Borrower's obligations under the Greencore Bilateral Facility are jointly and severally guaranteed by Greencore and certain other subsidiaries of Greencore (collectively, the "**Guarantors**" and together with the Borrower, the "**Obligors**").

The Greencore Bilateral Facility Agreement includes a requirement that the Guarantors collectively account for at least 70 per cent. of each of the consolidated gross assets and pre-tax profits of the Greencore Group (as determined by reference to the latest audited consolidated financial statements of Greencore). In addition, each "material subsidiary" (being a subsidiary of Greencore the gross assets or pre-tax profits of which account for at least 10 per cent. of the consolidated gross assets or pre-tax profits of the Greencore Group) is required to accede to the terms of the Greencore Bilateral Facility Agreement as an additional Guarantor.

Purpose

The Greencore Bilateral Facility was originally drawn down for working capital and general corporate purposes of the Greencore Group.

Term and Maturity

The Greencore Bilateral Facility shall be repaid in full on 28 January 2026.

Currency and Interest

The Greencore Bilateral Facility was drawn in sterling.

Interest is charged on the loans advanced under the Greencore Bilateral Facility at the aggregate percentage per annum of the applicable margin (which shall be determined in accordance with an agreed ratchet based on Greencore's leverage ratio) and SONIA.

Prepayment Events

The Greencore Bilateral Facility Agreement contains mandatory cancellation and prepayment provisions linked to illegality, change of control and certain disposals.

Representations, warranties and undertakings

The Greencore Bilateral Facility Agreement contains customary representations, warranties and undertakings.

Financial Covenants

The Greencore Bilateral Facility Agreement contains leverage and interest cover financial covenants. These covenants are tested semi-annually by reference to latest financial statements of the Greencore Group.

Events of Default

The Greencore Bilateral Facility Agreement also includes certain customary events of default which are subject to standard grace periods and materiality thresholds.

Governing Law

The Greencore Bilateral Facility Agreement is governed by Irish law.

(v) Greencore Acquisition Facilities Agreement

On 15 May 2025, Greencore (as a guarantor), Greencore UK Holdings Limited (as borrower) (the "**Borrower**") and certain of Greencore's other subsidiaries (as guarantors) entered into an unsecured term loan facilities agreement with Coöperatieve Rabobank U.A. (as agent), BNP Paribas and Coöperatieve Rabobank U.A. (as underwriters) and the other financial institutions party thereto (as lenders) (the "**Greencore Acquisition Facilities Agreement**"), pursuant to which the following senior term loan facilities were made available to Greencore UK Holdings Limited: (i) a £250,000,000 term loan facility ("**Facility A**"), (ii) a £400,000,000 term loan facility ("**Facility B**"), and (iii) a £175,000,000 term loan facility ("**Facility C**" and, together with Facility A and Facility B, the "**Greencore Acquisition Facilities**").

Obligors

The obligations of the Borrower under the Greencore Acquisition Facilities Agreement are joint and severally guaranteed by Greencore and certain subsidiaries of Greencore (collectively, the "**Guarantors**" and together with the Borrower, the "**Obligors**").

The Greencore Acquisition Facilities Agreement includes a requirement that the Guarantors collectively account for at least 70 per cent. of each of the consolidated gross assets and pre-tax profits of the Greencore Group (as determined by reference to the latest audited consolidated financial statements of Greencore). In addition, each "material subsidiary" (being a subsidiary of Greencore the gross assets or pre-tax profits of which account for at least 10 per cent. of the consolidated gross assets or pre-tax profits of the Greencore Group) is required to accede to the terms of the Greencore Acquisition Facilities Agreement.

Purpose

The proceeds of loans drawn under the Greencore Acquisition Facilities are to be applied by Greencore UK Holdings Limited towards: (i) financing the cash component of the consideration payable in connection with the Acquisition, (ii) financing certain costs and expenses related to the Acquisition and (iii) refinancing certain financial indebtedness of both the Greencore Group and the Bakkavor Group that is outstanding at Completion.

Availability of the Greencore Acquisition Facilities

The Greencore Acquisition Facilities are available to be drawn, subject to satisfaction of the conditions precedent set out in the Greencore Acquisition Facilities Agreement, from (and including) the date of the Greencore Acquisition Facilities Agreement to (and including) the end of the Availability Period (as defined in the Greencore Acquisition Facilities Agreement).

Certain funds

During the Availability Period, unless: (i) it is illegal for the relevant lender to perform any of its obligations under the Greencore Acquisition Facilities Agreement or make a utilisation, (ii) a Major Event of Default (as defined in the Greencore Acquisition Facilities Agreement) is continuing or would result from the proposed utilisation or (iii) a Major Representation (as defined in the Greencore Acquisition Facilities Agreement) is incorrect in any material respect, no lender under the Greencore Acquisition Facilities Agreement is entitled to: (a) cancel any of its commitments, (b) rescind, terminate or cancel the Greencore Acquisition Facilities Agreement or exercise any similar right or remedy or make or enforce any claim it may have, (c) refuse to participate in or make available any of its participation in any loan, (d) exercise any right of cancellation, set-off or counterclaim in respect of a loan or (e) cancel, accelerate or cause repayment or prepayment of any amounts owing under the Greencore Acquisition Facilities Agreement, provided that immediately upon expiry of the Availability Period, all such rights, remedies and entitlements will be available.

Term and Maturity

Facility A shall expire on the date falling on the third anniversary of the earlier of (a) the date on which Facility A is first utilised (expected to be approximately the date of Completion) and (b) 15 November 2025.

Facility B shall expire on the date falling on the fifth anniversary of the earlier of (a) the date on which Facility B is first utilised (expected to be approximately the date of Completion) and (b) 15 November 2025.

Facility C shall expire on the date falling on the first anniversary of the earlier of: (a) date on which Facility C is first utilised (expected to be approximately the date of Completion) and (b) 15 May 2026. However, Greencore may, in its sole discretion, extend the original termination date of Facility C by a further period of 12 months (in aggregate) pursuant to two extension options that may be exercised (in Greencore's sole discretion).

Currency and Interest

Each Greencore Acquisition Facility is available to be drawn in sterling only.

Interest will be charged on each loan advanced under the Greencore Acquisition Facilities at a floating rate which is subject to a customary leverage ratchet. Interest from time to time will be equal to the aggregate of the margin (being an initial rate of: (a) 1.90 per cent. per annum in respect of Facility A; (b) 2.10 per cent. per annum in respect of Facility B; and (c) 1.80 per cent. per annum in respect of Facility C and, in each case, with such initial fixed rate being subject to an agreed ratchet based on the Combined Group's leverage ratio) and SONIA. Interest is payable on the last day of each interest period.

Fees

Customary commitment, underwriting, participation, agency and extension fees are payable in connection with the Greencore Acquisition Facilities and Greencore's entry into the Greencore Acquisition Facilities Agreement.

Prepayment Events

The Greencore Acquisition Facilities Agreement contains mandatory cancellation and prepayment provisions linked to illegality, change of control and certain disposals.

Greencore may also voluntarily cancel and prepay the Greencore Acquisition Facilities on three Business Days' notice.

Representations, warranties and undertakings

The Greencore Acquisition Facilities Agreement contains customary representations, warranties and undertakings that substantially align with the equivalent provisions in the Greencore Revolving Facility Agreement and Greencore Bilateral Facility Agreement. In addition, the Greencore Acquisition Facilities Agreement includes certain representations, warranties and undertakings relating to the Acquisition which are customary for certain funds acquisition facilities used in connection with an acquisition subject to the Takeover Code.

Financial Covenants

The Greencore Acquisition Facilities Agreement contains leverage and interest cover financial covenants that are consistent with the equivalent provisions in the Greencore Revolving Facility Agreement and Greencore Bilateral Facility Agreement. These covenants are tested semi-annually by reference to latest financial statements of the Greencore Group.

Events of Default

The Greencore Acquisition Facilities Agreement also includes certain customary events of default which are subject to standard grace periods and materiality thresholds and that are consistent with the equivalent provisions in the Greencore Revolving Facility Agreement and Greencore Bilateral Facility Agreement. The occurrence of an event of default which is continuing would allow the lenders to, among other things, upon written notice to Greencore, accelerate all or part of the outstanding loans and declare all or part of the loans payable on demand.

Governing Law

The Greencore Acquisition Facilities Agreement is governed by English law.

(vi) US Private Placement

On 14 June 2016, Greencore Funding Limited (the "**Issuer**") issued the following series of notes: (a) USD 74,500,000 4.77 per cent. guaranteed senior unsecured notes due 14 June 2026 (the "**Series A Notes**") and (b) £18,000,000 4.14 per cent. guaranteed senior unsecured notes due 14 June 2026 (the "**Series B Notes**" and together with the Series A Notes, the "**Notes**") pursuant to the terms of a note purchase and guaranty agreement dated 22 April 2016 (the "**Greencore US Note Purchase Agreement**").

Guarantees

The Issuer's obligations under the Greencore US Note Purchase Agreement and the Notes are guaranteed by Greencore and certain other subsidiaries of Greencore (collectively, the **Guarantors**"). In addition, to the extent that any subsidiary of Greencore provides guarantees, or otherwise becomes liable, in respect of any defined benefit pension scheme or Greencore's principal financing arrangements (including, without limitation, the Greencore Revolving Facility, the Greencore Bilateral Facility and the Greencore Acquisition Facilities), such subsidiary shall be required to accede to the terms of the Greencore US Note Purchase Agreement as an additional Guarantor.

Purpose

The Issuer shall apply the proceeds of the Notes to repay certain financial indebtedness of the Greencore Group and for general corporate purposes.

Prepayment of the US Notes

Unless previously redeemed or purchased in accordance with the terms of the Greencore US Note Purchase Agreement, the Notes shall be redeemed by the Issuer on 14 June 2026 at par.

The Issuer may (subject, in each case, to the satisfaction of certain conditions) redeem (a) all or some only of the outstanding Notes at any time at the applicable make-whole redemption price and (b) all (but not some only) of the affected outstanding Notes at any time upon the occurrence of certain tax events at par. Upon the occurrence of a change of control of Greencore, Greencore is required to offer to redeem all the then outstanding Notes at par. In addition, if any holder of Notes violates applicable sanctions laws or becomes subject to sanctions as a result of the Issuer of any member of the Greencore Group appearing on a sanctions list, the Issuer shall make an offer to redeem all the outstanding Notes held by the affected holder at par. The Greencore US Note Purchase Agreement also includes a disposals covenant that restricts certain substantial disposals by the Issuer, Greencore or any member of the Greencore Group save to the extent that the net disposal proceeds received are offered to the holders of the Notes and applied in prepayment and/or cancellation of the Greencore Group's other outstanding indebtedness at such time on a *pro rata* basis.

Currency and interest

A fixed interest rate of 4.77 per cent. per annum applies to the Series A Notes with interest payable semi-annually on the fourteenth day of June and December each year. All payments of principal, interest and any other amount in respect of the Series A Notes shall be payable in US dollars only.

A fixed interest rate of 4.14 per cent. per annum applies to the Series B Notes with interest payable semi-annually on the fourteenth day of June and December each year. All payments of principal, interest and any other amount in respect of the Series B Notes shall be payable in sterling only.

Representations, warranties and undertakings

The Greencore US Note Purchase Agreement contains a number of customary representations and warranties and undertakings to be given by Greencore Funding Limited and each of the Guarantors.

Events of Default

The Greencore US Note Purchase Agreement includes certain customary events of default which are subject to grace periods and materiality thresholds.

Governing Law

The Greencore US Note Purchase Agreement and the Notes are governed by English law.

b. Bakkavor

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which Bakkavor or any member of the Bakkavor Group is a party, for the two years immediately preceding the date of publication of this Circular and a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Bakkavor Group which contains any provision under which any member of the Bakkavor Group has any obligation or entitlement which is material to the Bakkavor Group as at the date of this Circular:

(i) Co-operation Agreement

See paragraph 8a(i) (*Material contracts*) of this Part IV.

(ii) Bakkavor 2024 Term and Revolving Credit Facilities

On 25 July 2024, Bakkavor Finance (2) Limited (as borrower) (the "**Borrower**") and Bakkavor Foods Limited and Bakkavor Estates Limited (as guarantors) entered into a term and revolving credit facilities agreement with Coöperatieve Rabobank U.A. (as agent) and the financial institutions party thereto (as lenders) (the "**Bakkavor Facilities Agreement**"), pursuant to which a £150,000,000 term loan facility (the "**Bakkavor Term Facility**") and a £200,000,000 revolving credit facility (the "**Bakkavor Revolving Facility**" and together with the Bakkavor Term Facility, the "**Bakkavor Facilities**")) were made available to the Borrower.

Guarantors

The Borrower's obligations under the Bakkavor Revolving Facility are jointly and severally guaranteed by Bakkavor Foods Limited and Bakkavor Estates Limited (collectively, the "**Guarantors**" and together with the Borrower, the "**Obligors**").

The Bakkavor Facilities Agreement includes a requirement that the Guarantors collectively account for at least 80 per cent. of each of the aggregate EBITDA and aggregate gross assets of the Bakkavor Group (as determined by reference to the latest audited financial statements of Bakkavor). In addition, all "material subsidiaries" (being a subsidiary (other than US subsidiary) of Bakkavor the gross assets or EBITDA of which account for at least 5 per cent. of the aggregated EBITDA or aggregate gross assets of the Bakkavor Group and any US subsidiary of Bakkavor the gross assets or EBITDA of which account for at least 15 per cent. of the aggregated EBITDA or aggregate gross assets of the Bakkavor Group) are required to accede to the terms of the Bakkavor Facilities Agreement as an additional Guarantor.

Purpose

The Bakkavor Facilities were originally drawn down in part for the purpose of refinancing the Borrower's then existing facility agreement and is currently able to be drawn down for the general corporate purposes of the Bakkavor Group.

Term and Maturity

The Bakkavor Facilities shall expire on 25 July 2028 (the "**Bakkavor Facilities Termination Date**"). The Bakkavor Revolving Facility is available to be drawn down by the Borrower on any date (subject to the satisfaction of customary conditions precedent) until the date that is one month prior to the Bakkavor Facilities Termination Date.

The Borrower may request that the current Bakkavor Facilities Termination Date be extended by a further 12 or 24 months (such extension being at the discretion of the then lenders under the Bakkavor Revolving Facility Agreement).

The lenders under the Bakkavor Revolving Facility will be obliged to advance loans to the Borrower during the above period provided that:

(A) no event of default (in the case of a rollover loan) or no default (in the case of any other loan) is continuing or would result from the proposed utilisation; and

(B) certain specified representations to be made by each Obligor are true in all material respects.

Currency and Interest

The Bakkavor Term Facility has been drawn in sterling.

The Bakkavor Revolving Facility is available to be drawn in euro, US dollars and sterling (or any other currency approved by the lenders).

Interest will be charged on each loan advanced under the Bakkavor Facilities at the applicable interest rate which shall be the aggregate percentage rate per annum of the applicable margin (which shall be determined in accordance with an agreed ratchet based on Bakkavor's adjusted leverage ratio) and (i) EURIBOR (with respect of loans in euro), (ii) SONIA (with respect of loans in sterling) and (iii) SOFR (with respect to loans in US dollars).

Fees

Customary commitment, arrangement and agency fees are payable in connection with the Bakkavor Facilities.

Prepayment Events

The Bakkavor Facilities Agreement contains customary prepayment and cancellation provisions linked to illegality and change of control. Completion of the Acquisition would trigger the change of control mandatory prepayment event, but Greencore intends to voluntarily prepay and cancel the Bakkavor Facilities in full upon Completion in any event.

Representations, warranties and undertakings

The Bakkavor Facilities Agreement contains customary representations, warranties and undertakings.

Financial Covenants

The Bakkavor Facilities Agreement contains leverage and interest cover financial covenants. These covenants are tested semi-annually by reference to latest financial statements of the Borrower.

Events of Default

The Bakkavor Facilities Agreement also includes certain customary events of default which are subject to standard grace periods and materiality thresholds.

Governing Law

The Bakkavor Facilities Agreement is governed by English law.

9. Legal and arbitration proceedings

a. Greencore

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Greencore is aware) during the 12 months preceding the date of this Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Greencore Group.

b. Bakkavor

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Greencore is aware) during the 12 months preceding the date of this Circular which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Bakkavor Group.

10. No significant change

a. Greencore

There has been no significant change in the financial performance or financial position of the Greencore Group since 28 March 2025, being the date to which the last interim financial information has been published.

b. Bakkavor

There has been no significant change in the financial performance or financial position of the Bakkavor Group since 28 December 2024, being the date to which the last audited financial statements have been published.

11. Consents

Rothschild & Co. has given and has not withdrawn its consent to the inclusion of: (i) its name in this Circular in the form and context in which it is included, and (ii) the confirmatory statement that its report dated 15 May 2025, provided to the Greencore Directors in connection with a quantified financial benefits statement, as set out in Appendix 5 to the Announcement, continues to apply (for the purposes of Rule 27.2(d)(ii) of the Takeover Code), in the form and context in which it is included.

Goodbody has given and has not withdrawn its written consent to the inclusion of its name in this Circular in the form and context in which it is included.

Shore Capital has given and has not withdrawn its written consent to the inclusion of its name in this Circular in the form and context in which it is included.

Deutsche Numis has given and has not withdrawn its written consent to the inclusion of its name in this Circular in the form and context in which it is included.

Deloitte LLP has given and has not withdrawn its consent to the inclusion of the confirmatory statement that its report dated 15 May 2025, provided to the Greencore Directors in connection with a quantified financial benefits statement, as set out in Appendix 5 to the Announcement, continues to apply (for the purposes of Rule 27.2(d)(ii) of the Takeover Code), in the form and context in which it is included.

12. Documents available for inspection

Copies of the following documents may be inspected on Greencore's website (www.greencore.com) and also during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of Greencore at Fourth Floor, The Green, Dublin Airport Central, Dublin Airport, Swords, Dublin K67 E2H3, Ireland, up to and including the date of the Greencore General Meeting:

- this Circular;
- the Scheme Document;
- the Announcement;
- the Greencore Articles;
- a Form of Proxy (for information only); and
- the consent letters referred to in paragraph 11 (*Consents*) of this Part IV.

Part V

DEFINITIONS

"Acquisition"	the proposed Acquisition of the entire issued and to be issued share capital of Bakkavor by Greencore, to be effected by the Scheme as described in this Circular (or by the Takeover Offer under certain circumstances described in this Circular)
"adjusted operating profit"	(a) in respect of the Greencore Group, operating profit before amortisation of acquisition-related intangibles and exceptional items; and (b) in respect of the Bakkavor Group, operating profit excluding restructuring costs, asset impairments, and those additional charges or credits considered significant or one-off in nature
"adjusted operating profit margin"	in respect of the Bakkavor Group, adjusted operating profit divided by statutory revenue for the relevant segment
"adjusted profit before tax"	in respect of the Greencore Group, profit before taxation, excluding tax on share of profit of associate and before exceptional items, pension finance items, amortisation of acquisition-related intangibles, foreign exchange on inter-company and external balances, where hedge accounting is not applied, and the movement in the fair value of derivative financial instruments and related debt adjustments
"Admission"	admission of the New Greencore Shares to listing on the Equity Shares (Commercial Companies) category of the Official List and to trading on the Main Market
"Announcement"	the announcement made by Greencore and Bakkavor pursuant to Rule 2.7 of the Takeover Code on 15 May 2025
"Bakkavor"	Bakkavor Group plc, a public limited company incorporated in England under registration number 10986940
"Bakkavor 2023 Annual Report"	Bakkavor's annual report and accounts for the 52-week period ended 28 December 2023
"Bakkavor 2024 Annual Report"	Bakkavor's annual report and accounts for the 52-week period ended 28 December 2024
"Bakkavor Court Meeting"	the meeting(s) of Bakkavor Shareholders to be convened pursuant to an order of the Court under Part 26 of the Companies Act 2006, notice of which is set out in the Scheme Document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof
"Bakkavor Directors"	the board of directors of Bakkavor at the time of this Circular or, where the context so requires, the directors of Bakkavor from time to time
"Bakkavor General Meeting"	the general meeting of Bakkavor (including any adjournment or postponement thereof) to be convened in connection with the Scheme for the purpose of considering, and, if thought fit, approving, the Bakkavor Resolutions
"Bakkavor Group"	Bakkavor and its subsidiaries and associated undertakings
"Bakkavor Meetings"	the Bakkavor Court Meeting and the Bakkavor General Meeting
"Bakkavor Resolutions"	such shareholder resolutions of Bakkavor as are necessary to enable Bakkavor to approve, implement and effect the Scheme and the Acquisition, including (without limitation) a resolution to

	amend the Bakkavor articles of association to incorporate provisions requiring any Bakkavor Shares issued after the Scheme Record Time (other than to Greencore and/or its nominees) to be automatically transferred to Greencore (or as it may direct) on the same terms as the Acquisition (other than as to timings and formalities)
"Bakkavor Share Plans"	the Bakkavor Group Limited 2017 Long-Term Incentive Plan, Bakkavor Group plc Long-Term Incentive Plan and the Bakkavor Group plc Deferred Annual Bonus Plan, in each case, as amended from time to time, and any other individual agreements under which awards have been granted to individuals with terms that are substantially the same as awards granted under the Bakkavor Share Plans
"Bakkavor Shareholders"	the persons appearing on the register of members of Bakkavor as at the relevant time
"Bakkavor Shares"	the ordinary shares of two pence each in the capital of Bakkavor
"Bakkavor USA"	Bakkavor USA Limited, a company registered in England and Wales, with company number 06458503
"Bank of England base rate"	the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998
"Base Consideration"	the base consideration payable under the Acquisition for each Bakkavor Share comprising 0.604 New Greencore Shares and 85 pence in cash
"Board"	the board of directors
"Business Day"	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and the Republic of Ireland
"CDIs"	CREST Depository Interests
"Circular"	this circular published by Greencore and sent to Greencore Shareholders including the notice convening the Greencore General Meeting to approve the Acquisition as a reverse takeover and to authorise the allotment of the New Greencore Shares in connection with the Acquisition
"Closing Price"	the last reported sale price of a Bakkavor in pounds sterling as quoted on the London Stock Exchange and derived from Bloomberg
"CMA"	the United Kingdom Competition and Markets Authority
"CMA Condition"	the condition described under '*CMA Condition*' in paragraph 11 (*Structure of, and Conditions to, the Acquisition*) in Part I – *Letter from the Chair of Greencore* of this Circular, as fully detailed in the Scheme Document
"Combined Group"	the enlarged group comprising the Greencore Group and the Bakkavor Group following Completion
"Combined Issued Share Capital"	the number of Greencore Shares in issue immediately following Admission
"Companies Act 2006"	the UK Companies Act 2006
"Completion"	the Acquisition becoming Effective in accordance with its terms
"Conditions"	the conditions to the Acquisition, as detailed in this Circular and set out in the Scheme Document

"Contingent Value Rights" or **"CVRs"**	the contingent value rights to be granted to holders of Scheme Shares in accordance with, and pursuant to, the terms of the Scheme
"Co-operation Agreement"	the co-operation agreement entered into between Greencore and Bakkavor dated 15 May 2025
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act 2006
"Court"	the High Court of Justice in England and Wales
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & International Limited
"CVR Conditions"	has the meaning given in paragraph 2 (*Contingent Value Rights*) in Part I – *Letter from the Chair of Greencore* of this Circular
"CVR Consideration"	the one-off cash consideration payable, subject to the satisfaction of the CVR Conditions, in sterling to the Scheme Shareholders of an amount per Scheme Share equal to their *pro rata* share (as at the Scheme Record Time and determined by reference to their respective holdings of Scheme Shares as at the Scheme Record Time) of the US Sale Excess Proceeds and the CVR Ticker Amount, in accordance with, and pursuant to, the terms of the Scheme
"CVR EBITDA"	the US Business EBITDA for the 12 months immediately prior to the entry into of a US Sale Agreement
"CVR Payment Date"	the date on which the CVR Consideration is due to be paid to the Scheme Shareholders in accordance with, and pursuant to, the terms of the Scheme;
"CVR Ticker Amount"	an amount equal to A x B x C divided by 365, where: • A is the US Sale Excess Proceeds; • B is an amount equal to the Bank of England base rate (for the avoidance of doubt, in percentage terms) on the date of the US Sale Completion; and • C is the number of days from (but excluding) the later of the Final Receipt Date and the Effective Date to (and including) the CVR Payment Date
"Deadlock"	a deadlock arising among the members of the US Sale Committee with respect to the determination of any of the Relevant US Sale Amounts, where the number of votes in favour of a decision is equal to the number of votes against such decision or where the US Sale Committee is otherwise unable to make a decision as to any of the Relevant US Sale Amounts
"Dematerialisation"	the replacement of entries on Greencore's register of members by book-entry records (and the corresponding invalidity of share certificates as evidence of title to Greencore Shares) pursuant to the requirements of Irish company law
"Disclosure Guidance and Transparency Rules" or **"DTRs"**	the disclosure guidance and transparency rules made by the FCA under Part 6 of FSMA
"EB System" or **"Euroclear Bank System"**	the securities settlement system operated by Euroclear Bank

"Effective"	(a) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to and in accordance with its terms; or (b) if the Acquisition is implemented by way of a Takeover Offer (with the consent of the Panel, and subject to the terms of the Co-operation Agreement), the Takeover Offer having been declared or having become unconditional in accordance with the requirements of the Takeover Code
"Effective Date"	the date on which the Acquisition becomes Effective in accordance with its terms
"Euroclear Bank"	Euroclear Bank SA/NV
"Exchange Rate"	in relation to any local currency to be converted into sterling, the spot exchange rate (closing mid-point) for such currency into sterling as published in the London edition of the Financial Times first published after the relevant date in respect of such relevant date or, where no such rate of exchange is published in respect of such relevant date, at the rate quoted by Barclays Bank PLC as at the close of business in London on such relevant date (or, if such relevant date is not a Business Day, on the Business Day immediately preceding such relevant date)
"Excluded Territory"	has the meaning given on page 5 of this Circular
"Expert"	the third-party expert appointed to make a determination relating to any of the Relevant US Sale Amounts in the event of a Deadlock in accordance with the terms of the Co-operation Agreement
"FCA"	the Financial Conduct Authority of the United Kingdom
"Final Determination Date"	the date on which the Relevant US Sale Amounts are determined by, as applicable, the US Sale Committee or the Expert, in each case, in accordance with the terms of the Co-operation Agreement
"Final Receipt Date"	the date on which the cash consideration payable to a member of the Bakkavor Group (or, post-Completion, a member of the Combined Group) is fully and finally received or settled by such member of the Bakkavor Group (or, post-Completion, such member of the Combined Group), after taking into account any consideration adjustments (including any completion accounts adjustment), in accordance with the terms of a US Sale Agreement
"Financial Year 2024"	in respect of Bakkavor, the 52-week period ended 28 December 2024, and in respect of Greencore, the 52-week period ended 27 September 2024
"Forms of Proxy"	the forms of proxy for use in connection with the Greencore General Meeting which accompany this Circular
"Greencore" or the **"Company"**	Greencore Group plc, a public limited company incorporated in the Republic of Ireland under registration number 170116
"Greencore 2024 Annual Report"	Greencore's annual report and accounts for the 52-week period ended 27 September 2024
"Greencore 2026 AGM"	the annual general meeting of Greencore Shareholders to be held in 2026
"Greencore Articles"	the articles of association of Greencore from time to time
"Greencore Directors"	the board of directors of Greencore at the time of this Circular or, where the context so requires, the directors of Greencore from time to time

"Greencore FY25 Profit Forecast"	has the meaning given in in Appendix II – *Greencore FY25 Profit Forecast*
"Greencore General Meeting"	the extraordinary general meeting of Greencore Shareholders (including any adjournment or postponement thereof) to be convened, amongst other things, to consider and, if thought fit, to approve the Greencore Resolutions (with or without amendment), including any adjournment, postponement or reconvening thereof
"Greencore Group"	Greencore and its subsidiaries and associated undertakings
"Greencore Resolutions"	the resolutions to be proposed to Greencore Shareholders to approve the Acquisition as a reverse takeover under the UK Listing Rules and to authorise the Greencore Directors to allot the New Greencore Shares as consideration for the Acquisition, as set out in the Notice of Greencore General Meeting
"Greencore Shareholders"	the persons holding interests in Greencore Shares as at the relevant time
"Greencore Shares"	the ordinary shares of one pence each in the capital of Greencore
"Irish Companies Act"	the Companies Act 2014 of Ireland and all enactments which are to be read as one with, or construed or read together as one with the Companies Act 2014 to which Greencore is subject
"Latest Practicable Date"	10 June 2025, being the second last Business Day before the date of this Circular
"like-for-like revenue"	in respect of the Bakkavor Group, 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
"London Stock Exchange"	London Stock Exchange Group plc
"Long Stop Date"	11.59 p.m. on 16 November 2026 or such later date, if any, (a) as Greencore and Bakkavor may agree, or (b) (in a competitive situation) as may be specified by Greencore with the consent of the Panel, and in each case that (if so required) the Court may allow
"LTM EBITDA"	the US Business EBITDA in respect of the twelve month period ending on the last day of the month immediately prior to the month in which a US Sale Agreement is entered into
"Main Market"	the main market for listed securities of the London Stock Exchange
"Market Abuse Regulation"	Market Abuse Regulation No. 596/2014 (incorporated into UK law by virtue of the European Union (Withdrawal) Act 2018 as amended by virtue of the Market Abuse (Amendment) (EU Exit) Regulations 2019)
"New Greencore Shares"	the new Greencore Shares to be issued in connection with the Acquisition
"Notice of Greencore General Meeting"	the notice sent to Greencore Shareholders on the date of this Circular in respect of the Greencore General Meeting
"Offer Document"	should the Acquisition be implemented by means of a Takeover Offer, the document to be sent to Bakkavor Shareholders which will contain, among other things, the terms and conditions of the Takeover Offer

“Offer Period”	the offer period (as defined in the Takeover Code) relating to Bakkavor which commenced on 14 March 2025
“operational net debt”	in respect of the Bakkavor Group, net debt excluding the impact of non-cash items
“PRA”	the Prudential Regulation Authority of the United Kingdom
“Proposed Directors”	means the directors whose names appear in paragraph 3.b (*Proposed Directors*) in Part IV – *Additional Information* of this Circular who will join the Greencore Directors on the Greencore Board following Completion
“Prospectus”	the prospectus to be published by Greencore containing, amongst other things, information on Greencore, the Combined Group, the New Greencore Shares and the Admission
“Prospectus Regulation Rules”	means the prospectus regulation rules published by the FCA under part VI of the Financial Services and Markets Act 2000, as amended
“Quantified Financial Benefits Statement”	the statements of estimated cost savings and synergies arising out of the Acquisition set out in Appendix I – *Statement on Quantified Financial Benefits*
“Register of Members”	the register of members of Greencore
“Registered Shareholders”	Greencore Shareholders who hold their Greencore Shares in book-entry form directly on the Register of Members
“Regulatory Information Service”	any information service authorised from time to time by the FCA for the purpose of disseminating regulatory announcements
“Relationship Agreement”	the relationship agreement dated 15 May 2025 between, among others, the Company, Carrion Enterprises Ltd (which holds Bakkavor Shares on behalf of Agust Gudmundsson as beneficial owner) and Umbriel Ventures Ltd (which holds Bakkavor Shares on behalf of Lydur Gudmundsson as beneficial owner)
“**Relevant US Sale Amounts**”	any of: (a) the CVR Ticker Amount; (b) the LTM EBITDA; (c) the US Sale Proceeds; (d) the US Sale Proceeds Deductions; (e) the US Net Sale Proceeds; and (f) the US Sale Excess Proceeds
“return on invested capital”	(a) in respect of the Greencore Group, Net Adjusted Operating Profit After Tax (‘NOPAT’) divided by average invested capital, where NOPAT is adjusted operating profit plus share of profit of associates before tax, less tax at the effective rate in the Greencore Group’s income statement which is adjusted for the change in fair value of derivative financial instruments and related debt instruments and exceptional items; and (b) in respect of the Bakkavor Group, adjusted operating profit after tax divided by the average invested capital for the year, where adjusted operating profit after tax is operating profit excluding the impact of exceptional items less tax at the Bakkavor Group’s effective tax rate, and invested capital is 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

"Scheme" — the proposed scheme of arrangement under Part 26 of the Companies Act 2006 between Bakkavor and the Scheme Shareholders to implement the Acquisition, with or subject to any modification, addition or condition imposed by the Court and agreed to by Bakkavor and Greencore

"Scheme Court Hearing" — the hearing of the Court of the application to sanction the Scheme under Part 26 of the Companies Act 2006 and any adjournment, postponement or reconvening thereof

"Scheme Document" — the document dispatched to Bakkavor Shareholders and persons with information rights setting out, among other things, the details of the Acquisition, the full terms and conditions of the Scheme and containing the notices convening the Bakkavor Court Meeting and the Bakkavor General Meeting (including any supplementary scheme document)

"Scheme Record Time" — the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the date of the Scheme Court Hearing or such later time as Greencore and Bakkavor may agree and that (if so required) the Court may allow

"Scheme Shareholder" — a holder of Scheme Shares

"Scheme Shares" —

(a) the Bakkavor Shares in issue as at the date of the Scheme Document;

(b) Bakkavor Shares (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and

(c) Bakkavor Shares (if any) issued at or after the Scheme Voting Record Time and prior to the Scheme Record Time (including, for the avoidance of doubt, any Bakkavor Shares issued to satisfy the vesting of awards pursuant to the Bakkavor Share Plans) in respect of which the original or any subsequent holder thereof is bound by the Scheme, or shall by such time have agreed in writing to be bound by the Scheme,

in each case remaining in issue at the Scheme Record Time

"Scheme Voting Record Time" — the date and time specified in the Scheme Document by reference to which entitlement to vote at the Bakkavor Court Meeting will be determined

"Takeover Code" — the City Code on Takeovers and Mergers, as amended from time to time

"Takeover Offer" — if, subject to the consent of the Panel and the terms of the Co-operation Agreement, the Acquisition is implemented by way of a takeover offer (as defined in Chapter 3 of Part 28 of the Companies Act 2006), the offer to made by or on behalf of Greencore to acquire the entire issued and to be issued share capital of Bakkavor and, where the context admits, any subsequent revision, variation, extension or renewal of that offer

"Panel" — the Panel on Takeovers and Mergers

"UK Listing Rules" — the UK listing rules, made by the FCA under Part 6 of FSMA, as amended from time to time, and the UK Listing Rules Instrument 2024 (FCA 2024/23)

"US" or **"United States"** — the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

"US Business"	the business carried on by Bakkavor USA through its subsidiary undertakings as at the date of the Announcement
"US Business EBITDA"	earnings before deducting interest, tax, depreciation and amortisation for the US Business as calculated on a pre-IFRS 16 basis in a manner consistent with the calculation of such pre-IFRS 16 EBITDA in Bakkavor's audited accounts for the 52-week period ended 28 December 2024
"US Business Group"	Bakkavor USA and its subsidiary undertakings as at the date of the Announcement
"US Exchange Act"	US Securities Exchange Act of 1934, as amended
"US Net Sale Proceeds"	the US Sale Proceeds *less* the US Sale Proceeds Deductions that have been incurred or are reasonably expected to be incurred
"US Sale"	the sale of the entire issued and to be issued share capital of Bakkavor USA and/or of Bakkavor Foods USA Inc. (a company registered in the State of California, United States of America, with company number: C1491451) or a sale of all or substantially all of the US Business
"US Sale Agreement"	any legally binding transfer agreement entered into by a member of the Bakkavor Group (or, post-Completion, a member of the Combined Group) to give effect to the US Sale
"US Sale Committee"	the committee to have oversight of the negotiation and sale process and to have ultimate decision-making authority over key matters relating to the US Sale, including the entry into of any US Sale Agreement, further details of which are set out in the Scheme Document
"US Sale Completion"	the completion of the US Sale in accordance with the terms and conditions of a US Sale Agreement
"US Sale Excess Proceeds"	the amount by which the US Net Sale Proceeds exceeds the US Sale Hurdle
"US Sale Hurdle"	An amount equal to the LTM EBITDA multiplied by nine (9)
"US Sale Long Stop Date"	(i) the date falling 12 months after the Effective Date; or (ii) if a US Sale Agreement is signed by a member of the Bakkavor Group (or, if post-Completion, a member of the Combined Group) on or before 30 June 2026, the date falling 12 months after the date of signing of such US Sale Agreement
"US Sale Proceeds"	the amounts received by a member of the Bakkavor Group (or, post-Completion, a member of the Combined Group) in respect of: (a) the aggregate cash consideration, taking into account any consideration adjustments (including any completion accounts adjustment) properly receivable by a member of the Bakkavor Group (or, post-Completion, a member of the Combined Group), as set out in, and determined in accordance with the terms of, a US Sale Agreement; *plus* (b) an amount (as a positive number) equal to any downwards consideration adjustment properly made in accordance with the terms of a US Sale Agreement where such adjustment (on a £-for-£ basis) reflects the cash or cash equivalent value of any monetary benefit received by the Combined Group (excluding the US Business Group) from any member of the US Business Group between the later of (i) the Effective Date and (ii) the "locked box date" (or similar reference date

agreed in the US Sale Agreement) and the date of the US Sale Completion, in accordance with the terms of the US Sale Agreement; *plus*

(c) the repayment of any intercompany debt or other balances owed by a member of the US Business Group to a member of the Bakkavor Group (or, post-Completion, a member of the Combined Group),
in each case, in pounds sterling

"US Sale Proceeds Deductions" an amount equal to the sum of:

(a) any taxes payable (or which would be payable but for the use or set-off of a tax relief or credit) by any member of the Bakkavor Group (or, post-Completion, any member of the Combined Group) in respect of the US Sale, and for these purposes the reference to taxes which would be payable but for the use or set-off of a tax relief or credit means an amount equal to the taxes which would be saved by that tax relief or credit if it were not used or set-off so as to reduce the taxes payable in respect of the US Sale (which shall not be nil if and to the extent that such tax relief or credit is and would, immediately after US Sale Completion, be recognised for accounting purposes as a deferred tax asset (had it not been used or set-off so as to reduce the taxes payable in respect of the US Sale));

(b) any costs (including any amount in respect of applicable taxes) of any W&I Insurance, to the extent such costs are paid by, or are to the account of, any member of the Bakkavor Group (or, post-Completion, any member of the Combined Group);

(c) any fees (including any amount in respect of applicable taxes) in respect of advisers in connection with the US Sale which are paid by, or are to the account of, any member of the Bakkavor Group (or, post-Completion, any member of the Combined Group); and

(d) any fees (including any amount in respect of applicable taxes) of the Expert (if applicable), which are paid by, or are to the account of, any member of the Combined Group,

in each case, as determined (acting reasonably and in good faith) by Bakkavor or, post-Completion, the US Sale Committee

"US Sale Special Dividend" has the meaning given in paragraph 2 (*Contingent Value Rights*) of Part I – *Letter from the Chair of Greencore* of this Circular

"US Securities Act" US Securities Act of 1933, as amended

"W&I Insurance" any warranty and indemnity insurance policy which may be entered into, in relation to the US Sale, with an authorised provider of warranty and indemnity insurance

Part VI

NOTICE OF GREENCORE GENERAL MEETING

Greencore Group Plc

(Incorporated and registered in Ireland under registration number 170116)

NOTICE OF EXTRAORDINARY GENERAL MEETING

OF

Greencore Group plc (the "Company")

NOTICE is hereby given that an Extraordinary General Meeting ("**EGM**") of the Company's shareholders will be held at the Maldron Hotel Dublin Airport, Dublin Airport, Co. Dublin, K67 T6P6, Ireland on 4 July 2025 at 9.30 a.m., for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed as ordinary resolutions):

1. THAT the proposed acquisition by the Company (which is a "reverse takeover" for the purposes of the UK Listing Rules made by the Financial Conduct Authority under the Financial Services and Markets Act 2000, as amended) of the entire issued and to be issued share capital of Bakkavor Group plc ("**Bakkavor**"), to be effected by way of a court-sanctioned scheme of arrangement of Bakkavor under Part 26 of the Companies Act 2006 (the "**Scheme**") or by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006 in the circumstances set out in the Co-operation Agreement entered into between the Company and Bakkavor dated 15 May 2025 (the "**Acquisition**"), substantially in the manner and on the terms and subject to the conditions set out in the circular to shareholders of the Company dated 12 June 2025 (the "**Circular**") outlining the Acquisition, of which the notice convening this EGM (the "**Notice**") forms part, be and is hereby approved and the directors of the Company (or any duly authorised committee thereof) (the "**Directors**") be and are hereby authorised to make or procure to be made any modifications, variations, revisions, waivers, amendments or extensions to the terms of the Acquisition or the Scheme which they in their absolute discretion consider necessary, appropriate or desirable and to take all such steps and to do all such things which they consider necessary, appropriate or desirable to implement, or in connection with, the Acquisition, including without limitation, the waiver of any conditions to the Acquisition.

2. THAT, subject to the adoption of Resolution 1 and in addition to, and without limitation of, all existing authorities conferred on the Directors for the purposes of Section 1021 of the Companies Act 2014 (which continue in effect in accordance with their terms), the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company for the purposes of Section 1021 of the Companies Act 2014, to allot relevant securities (within the meaning of Section 1021 of the Companies Act 2014), credited as fully paid, for the purposes of the Acquisition, up to a maximum aggregate nominal value of £3,619,022.19 and that this authority shall expire at the close of business on the date falling five years after the date on which this Resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

By order of the Board

Damien Moynagh
Group General Counsel and Company Secretary

Greencore Group plc

Registered Office:
Fourth Floor, Block Two
Dublin Airport Central
Dublin Airport
Swords
Dublin K67 E2H3
Ireland

12 June 2025

NOTES

1. ENTITLEMENT TO ATTEND AND VOTE

Pursuant to Section 1087G of the Companies Act 2014, only Greencore Shareholders whose names appear on the register of members of Greencore (the 'Register of Members') (i.e. those who hold their Greencore Shares in book-entry form directly on the Register of Members ('Registered Shareholders')) as at close of business (which shall be deemed to be 6.00 p.m. on 30 June 2025 (the "Record Date") (or, in the case of an adjournment, as at the close of business on the day which is four days before the date of the adjourned meeting) shall be entitled to attend and vote at the EGM in respect of the number of shares registered in their names at the time. Changes to entries in the Register of Members after that time will be disregarded in determining the right of any person to attend and/or vote at the EGM.

2. SHAREHOLDER PARTICIPATION

Ask Questions

Shareholders entitled to attend and vote at the EGM may ask questions related to items on the EGM agenda and have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders. An answer is not required if:

- an answer has already been given on the Company's website in the form of a 'Q&A';
- it would interfere unduly with preparation for the EGM or the confidentiality and business interests of the Company; or
- it appears to the Chair that it is undesirable in the interests of good order of the EGM that the question be answered.

Shareholders can submit questions related to items on the EGM agenda in writing in advance of the EGM subject to any reasonable measures that the Company may take to ensure the identification of shareholders and provided they are received by 9.30 a.m. on 3 July 2025, either by email to investor.relations@greencore.com or by post to the Group General Counsel and Company Secretary, Greencore Group plc, 4th Floor, Block Two, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 E2H3, Ireland. All correspondence should include the shareholder reference number printed on the proxy form.

Vote

Depending on the manner by which a shareholder holds their shares, they can vote by attending the EGM in person or by appointing a proxy by the relevant deadline in advance of the EGM. Please refer to 'How to Exercise Voting Rights' and the voting instructions set out in Notes 4 to 7 below.

3. APPOINTMENT OF PROXIES

Any shareholder entitled to attend, speak, ask questions and vote is entitled to appoint a proxy to attend, speak, ask questions and vote on their behalf. A proxy need not be a member of the Company. A shareholder may appoint more than one proxy to attend on the same occasion in respect of separate share(s) held by him or her. A shareholder acting as an intermediary on behalf of one or more clients may grant a proxy to each of its client or their nominees and such intermediary may cast votes attaching to some of the shares differently from other shares held by it. If a shareholder wishes to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services (Ireland) Limited at 3100 Lake Drive, Citywest Business Campus, Citywest, Dublin 24, D24 AK82, Ireland or telephone +353 (0) 1 431 9832. Whilst it is preferable that shareholders appoint the Chair of the EGM as their proxy, shareholders may appoint any individual as their proxy. Appointment of a proxy will not preclude a shareholder from attending, speaking, asking questions and voting at the EGM should they subsequently wish to do so. Holders of CREST Depository Interests ('CDIs') ('CDI Holders') and/or investors who hold their interests in ordinary shares through a participant account in the securities settlement system operated by Euroclear Bank SA/NV ('Euroclear Bank') (the 'EB System') ('EB Participants') wishing to attend, speak, ask questions and vote at the EGM must arrange to have themselves appointed as their own proxy as explained in Notes 6 and 7 below.

4. HOW TO EXERCISE VOTING RIGHTS

Following the migration of the Company's ordinary shares from the CREST to the EB System on 15 March 2021, and following completion of Dematerialisation on 1 January 2025, shareholders have several ways to exercise their right to vote, depending on the manner by which they hold their shares as follows:

- If they are a Registered Shareholder, they can vote by attending the EGM in person, or by appointing a proxy, either electronically or by returning a completed Form of Proxy to appoint and instruct the Chair of the EGM or another person to vote on their behalf;
- if they are CDI Holders, they can vote by:
  - sending electronic voting instructions to Euroclear Bank via Broadridge Financial Solutions Limited ('Broadridge'), a third-party service provider; or
  - appointing a proxy via the Broadridge Global Proxy Voting service to attend and vote at the meeting; or
- if they are EB Participants, they can vote by:
  - sending electronic voting instructions via SWIFT to Euroclear Bank or to EasyWay Corporate Actions; or
  - sending a proxy voting instruction to Euroclear Bank to appoint a third party (other than Euroclear Nominees Limited (i.e. the nominee of Euroclear Bank) ('Euroclear Nominees') or the Chair of the EGM) to attend and vote in person.

Persons who hold their interests in the ordinary shares of the Company as Belgian law rights through the EB System or as CDIs should consult with their stockbroker or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxies and voting instructions for the EGM through those respective systems.

For voting services offered by custodians holding Irish corporate securities directly with Euroclear Bank, shareholders should please contact their custodian.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members.

5. PROXY VOTING BY REGISTERED SHAREHOLDERS

Registered Shareholders who wish to appoint a proxy should complete the Form of Proxy in accordance with the instructions printed thereon. To be effective, the Form of Proxy together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, must be deposited at the registered office of the Company or, at the member's option, with the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 13030, 3100 Lake Drive, Citywest Business Campus, Citywest, Dublin 24, D24 AK82, Ireland not less than 48 hours before the time appointed for the holding of the meeting. Alternatively, shareholders may appoint a proxy electronically, by visiting the website of the Company's Registrar at www.eproxyappointment.com. They will need their control number, SRN and PIN number, which can be found on their Form of Proxy.

6. PROXY VOTING BY CDI HOLDERS[2]

In respect of CDI Holders, Euroclear UK & International Limited ('EUI'), the operator of CREST has arranged for voting instructions relating to CDIs held in CREST to be received via Broadridge. Further details on this service are set out on the 'All you need to know about SRD II' in Euroclear UK & International webpage of the Euroclear Bank website (www.euroclear.com) which is accessible to CREST participants (see section CREST International Service – Proxy voting).

CDI Holders will be required to use the EUI proxy voting service facilitated by the Broadridge Global Proxy Voting service in order to receive meeting announcements and send back voting

[2] Please note that all expected times and dates referenced in this note are indicative only. CDI Holders should please consult with their stockbroker or other intermediary to confirm voting instruction deadlines.

instructions, as required. To facilitate client set up, CDI Holders who wish to participate in the proxy voting service, will need to complete a Meetings and Voting Client Set-up Form (CRT408), a copy of which is available on the Euroclear Bank website www.euroclear.com which is accessible to CREST participants. Completed application forms should be returned to EUI by an authorised signatory with another relevant authorised signatory copied in for verification purposes using the following email address: uk-membership@euroclear.com.

Fully completed and returned application forms will be shared with Broadridge by EUI. This will enable Broadridge to contact a shareholder and share further detailed information on the service offering and initiate the process for granting their access to the Broadridge platform.

Once CDI Holders have access to the Broadridge platform, they can complete and submit proxy appointments (including voting instructions) electronically. Broadridge will process and deliver proxy voting instructions received from CDI Holders by the Broadridge voting deadline date to Euroclear Bank by its cut-off and to agreed market requirements. Alternatively, a CDI Holder can send a third-party proxy voting instruction through the Broadridge platform in order to appoint a third party (who may be a corporate representative or the CDI Holder themselves) to attend and vote at the meeting the number of ordinary shares specified in the proxy instruction (subject to the Broadridge voting deadline). There is no facility to offer a letter of representation/appoint a corporate representative other than through the submission of third-party proxy appointment instructions through Broadridge. Broadridge's voting deadline is expected to be two business days prior to Euroclear Bank's voting instruction deadline as set out below i.e. expected to be on 30 June 2025. As stated above, CDI Holders should please consult with their stockbroker to confirm any relevant Broadridge deadlines.

Notwithstanding that the Broadridge voting deadline is expected to occur on 30 June 2025, as the CDI voting deadline is expected to be before the Record Date, CDI holders that want to appoint and instruct the Chair of the EGM as their proxy and vote on their behalf at the EGM may need to make additional arrangements to send a TTE (transfer to-escrow) instruction to an EUI escrow account. If required, it is envisaged that the securities will be released from escrow, as soon as practicably possible, on the business day following the Record Date for the EGM, unless otherwise specified by Broadridge. TTE instructions are read in conjunction with the voting instructions formally lodged and on their own do not constitute voting instructions.

CDI Holders should pay close attention to any notices specifically relating to this EGM and are strongly encouraged to familiarise themselves with Broadridge's arrangements, including the voting deadlines and procedures and to take any further actions required by Broadridge before they can avail of the Broadridge voting service as soon as possible. CDI holders are additionally advised that any purchases which are expected to settle after the Broadridge voting deadline and before the Record Date will be settled on the basis that the purchaser may be unable to exercise any underlying voting or attendance rights.

Broadridge will use best endeavours to accept late votes, changes and cancellations from a CDI Holder after the voting deadline but there is no guarantee that these will be processed within the requisite timeframes.

7. PROXY VOTING BY EB PARTICIPANTS[3]

EB Participants can submit proxy appointments (including voting instructions) electronically in the manner described in the document issued by Euroclear Bank in February 2021 and entitled 'Euroclear Bank as issuer CSD for Irish corporate securities' and available on the Euroclear Bank website (www.euroclear.com).

EB Participants can either send:

- electronic voting instructions to instruct Euroclear Nominees to either itself, or by appointing the Chair of the EGM as a proxy to:
  - vote in favour of all or a specific resolution(s);
  - vote against all or a specific resolution(s);

[3] Please note that all expected times and dates referenced in this note are indicative only. EB Participants should please consult with their stockbroker or other intermediary to confirm voting instruction deadlines.

- o abstain in respect of all or a specific resolution(s); and/or
- o give a discretionary vote to the Chair of the EGM for all or a specific resolution(s); or

- a proxy voting instruction to appoint a third party (other than Euroclear Nominees or the Chair of the EGM), who may be a corporate representative or the EB Participant themselves, to attend the meeting and vote the number of ordinary shares specified in the proxy voting instruction by providing Euroclear Bank with the proxy details as requested in its notification (e.g. proxy first name, proxy last name, proxy address). There is no facility to offer a letter of representation or to appoint a corporate representative other than through submission of third party proxy appointment instructions.

Euroclear Bank's voting instruction deadline is expected to be 8.30 a.m. on 2 July 2025. Voting instructions cannot be changed or cancelled after Euroclear Bank's voting deadline.

8. HOW TO REQUEST/INSPECT DOCUMENTATION RELATING TO THE EGM

A copy of the Circular sent to shareholders on 12 June 2025 which includes this Notice of EGM, together with details of the total number of shares and voting rights at the date of giving this Notice of EGM and copies of any other documentation relating to the EGM, including a Form of Proxy, are available on the Company's website (www.greencore.com).

Alternatively, should a shareholder wish to be sent copies of documents relating to the EGM, they may request this by telephoning the Company's Registrar on +353 (0) 1 431 9832 or by writing to the Group General Counsel and Company Secretary by email to investor.relations@greencore.com or by post to Greencore Group plc, 4th Floor, Block Two, Dublin Airport Central, Dublin Airport, Swords, Dublin, K67 E2H3, Ireland.

9. RESOLUTIONS TO BE PUT TO A POLL

All resolutions at the EGM will be put to a poll. Pursuant to Section 190(b) of the Companies Act 2014, where a poll is taken at the EGM, a Greencore Shareholder, present in person or by proxy, holding more than one Greencore Share need not cast all their votes in the same way.

APPENDIX I

STATEMENT ON QUANTIFIED FINANCIAL BENEFITS

The Announcement contains statements of estimated cost synergies arising from the Acquisition (together, the "**Quantified Financial Benefits Statement**").

A copy of the Quantified Financial Benefits Statement is set out below:

The Greencore Directors, having reviewed and analysed the potential synergies of the Acquisition, and taking into account the factors they can influence, believe that the Combined Group can deliver annual run-rate pre-tax cost synergies of at least £80 million by the end of the third year following Completion.

Greencore intends to approach integration of the two businesses with the aim of retaining and motivating talent from across the Combined Group and combining the strengths of both teams to create a best-in-class organisation. The quantified cost synergies, expected to originate from the cost bases of Greencore and Bakkavor, are anticipated to be realised primarily from:

- *Organisation: approximately 45 per cent of the total annual run-rate pre-tax cost synergies are expected to arise primarily from the removal of duplicative corporate, head office, administrative, support and other central management functions.*
- *Operational Excellence and Distribution: approximately 25 per cent of the total annual run-rate pre-tax cost synergies are expected to be generated through the adoption of shared best practice across the Combined Group's operations including associated headcount efficiencies and leveraging of the Combined Group's distribution capabilities.*
- *Direct and indirect procurement: approximately 25 per cent of the total annual run-rate pre-tax cost synergies are expected to be generated through leveraging enhanced economies of scale and spend across ingredients, packaging and other third-party and professional services.*
- *Operations Footprint: approximately 5 per cent of the total annual run-rate pre-tax cost synergies are expected to be generated through the rationalisation of manufacturing sites and associated headcount currently operated by Greencore and/or Bakkavor.*

The Greencore Directors expect that approximately 50 per cent of the annual run rate cost synergies will be realised by the end of the first year following Completion, approximately 85 per cent will be realised by the end of the second year following Completion, and the full run rate cost savings are expected to be realised by the end of the third year following Completion.

The Greencore Directors anticipate that the one-off total costs to achieve the synergies outlined above would be approximately £90 million which will be incurred broadly in line with the realisation of the run-rate synergies. The expected synergies referred to above reflect both the beneficial elements and the relevant costs.

Aside from the one-off costs referred to above, the Greencore Directors do not expect any material dis-synergies to arise as a direct result of the Acquisition.

The expected synergies will accrue as a direct result of the Acquisition and would not be achieved on a standalone basis.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

Bases of Calculation and Belief

In preparing the Quantified Financial Benefits Statement, a synergy team comprising senior strategy, operations, procurement, distribution, human resources and financial personnel from Greencore (the "**Synergy Team**") was established to identify, challenge and quantify the potential synergies available from the integration of the Greencore and Bakkavor businesses, and to undertake an initial planning exercise.

In preparing the Quantified Financial Benefits Statement, Greencore has relied on a combination of publicly available information and certain information obtained from Bakkavor. Both Greencore and Bakkavor have shared certain operating and financial information to support the evaluation of the potential synergies available from the Acquisition. This has included a series of virtual meetings between senior management personnel of both Greencore and Bakkavor to facilitate discussion of the potential synergies available from the Acquisition.

Based on the information shared and interactions with Bakkavor, the Synergy Team has performed a bottom-up analysis of costs included in the Greencore and Bakkavor financial information and has sought to include in the synergy analysis those costs which the Synergy Team believe will be either optimised or reduced as a result of the Acquisition.

However, as is typical of these exercises, confidentiality and regulatory considerations have limited the extent of the sharing of data and information. Greencore and Bakkavor have also made use of a clean team process, where each of Greencore and Bakkavor have shared operating and financial metrics, visibility of which is limited to specific clean team personnel within the Synergy Team. In circumstances where the information provided by Bakkavor has been limited for commercial or other reasons, the Synergy Team has made estimates and assumptions to aid its development of individual synergy initiatives. The assessment and quantification of the potential synergies have in turn been informed by Greencore management's industry experience as well as their experience of executing relevant cost saving programs and integrating acquisitions in the past.

The cost bases used as the basis for the Quantified Financial Benefits Statement are a blend of Greencore's financial results for the 52-week period ended 27 September 2024 and Bakkavor's financial results for the 52-week period ended 28 December 2024.[4]

The quantified synergies are incremental to Greencore's and, to the best of Greencore's knowledge, Bakkavor's existing plans.

In general, the synergy assumptions have in turn been risk-adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

In arriving at the Quantified Financial Benefits Statement, the Greencore Directors have made the following assumptions, which are outside the influence of Greencore:

- regarding headcount-related savings, no restrictions or delays will arise as a result of industrial relations or employment agreements that significantly impact the realisation of savings;
- there will be no material change in underlying operations of either business from the Acquisition;
- there will be no material adverse changes to our existing relationships with third parties such as customers, suppliers, trade unions, and other key stakeholders;
- there will be no material divestments made by Bakkavor, other than those previously agreed with regard to China and previously announced with regard to the possible sale of the US business;
- there will be no material change to macroeconomic, political, inflationary, regulatory or legal conditions in the markets or regions in which Greencore and Bakkavor operate;
- there will be no material change in current foreign exchange rates or interest rates;
- there will be no business disruptions that materially affect either company, including natural disasters, acts of terrorism, cyber-attacks and/ or technological issues or supply chain disruptions;
- there will be no material change in accounting standards; and
- there will be no change in tax legislation or tax rates or other legislation in the United Kingdom, United States, China or other countries that could materially impact the ability to achieve any benefits.

The Greencore Directors have made an assumption within the influence of Greencore that there will be no divestments made by Greencore which are material to the Combined Group.

In addition, the Greencore Directors have assumed that the cost synergies are substantively within Greencore's control, albeit that certain elements are dependent in part on negotiations with third parties.

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[4] The financial results of Greencore and Bakkavor used in the formulation of the cost bases were audited.

Reports

As required by Rule 28.1(a) of the Takeover Code, Deloitte LLP, as reporting accountant to Greencore, and Rothschild & Co, as financial adviser to Greencore, have provided the reports required under the Takeover Code. Copies of these reports were set out in the Announcement.

As required by Rule 27.2(d) of the Takeover Code, the Greencore Directors confirm that:

- there have been no material changes to the Quantified Financial Benefits Statement since 15 May 2025 and the Quantified Financial Benefits Statement remains valid; and
- each of Deloitte LLP and Rothschild & Co has confirmed to Greencore that their respective reports produced in connection with the Quantified Financial Benefits Statement continue to apply.

Important Notes

- The statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the synergies referred to may not be achieved, or those achieved could be materially different from those estimated.
- No statement in the Quantified Financial Benefits Statement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the first full year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of Greencore and Bakkavor for the relevant preceding financial period or any other period.
- Due to the size of the combination and potential scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.
- In arriving at the estimate of synergies set out in this Circular, the Greencore Directors have assumed that there will be no significant impact on the business of the Combined Group.

APPENDIX II

GREENCORE FY25 PROFIT FORECAST

Greencore FY25 Profit Forecast

The interim financial report for the 26-week period ended 28 March 2025 released by Greencore on 15 May 2025 contained the following statement: "*Upgrade to FY25 Adjusted Operating Profit guidance to a range of £114-117m, bringing the Group to above pre-pandemic levels of profitability*" (the "**Greencore FY25 Profit Forecast**").

With the consent of Bakkavor, the Panel has confirmed that the Greencore FY25 Profit Forecast constitutes an ordinary course profit forecast for the purposes of Note 2(b) to Rule 28.1 of the Takeover Code, to which the requirements of Rule 28.1(c)(i) of the Takeover Code apply.

Greencore Directors' confirmation

The Greencore Directors confirm that, as at the date of this Circular, the Greencore FY25 Profit Forecast remains valid and that it has been properly compiled on the basis of the assumptions set out below and that the basis of accounting used is consistent with the Greencore Group's existing accounting policies.

Basis of preparation

The Greencore FY25 Profit Forecast is based on the 2025 Greencore Interim Financial Statements and the Greencore Group's internal unaudited forecasts for the remainder of the 52-week period ending 26 September 2025. The Greencore FY25 Profit Forecast has been compiled on the basis of the assumptions set out below. The basis of the accounting policies used in the Greencore FY25 Profit Forecast is consistent with the existing accounting policies of the Greencore Group, which uses 'Alternative Performance Measures' or other non-International Financial Reporting Standards measures and then reconciles such measures to International Financial Reporting Standards as approved by the International Accounting Standards Board and adopted by the European Union.

Assumptions

The Greencore FY25 Profit Forecast has been prepared on the basis referred to above and subject to the principal assumptions set out below. The Greencore FY25 Profit Forecast is inherently uncertain and there can be no guarantee that any of the assumptions listed below will occur and/or if they do, their effect on the Greencore Group's results of operations, financial condition or financial performance may be material. The Greencore FY25 Profit Forecast should be read in this context and construed accordingly.

The Greencore Directors have made the following assumptions in respect of the 52-week period ending 26 September 2025:

1. Assumptions within Greencore's control or influence:

- no material change to the existing strategy or operation of the Greencore Group's business;
- no material change to the expected realisation of launch and commercialisation of new products or achievement of sustainability goals;
- no material deterioration in the Greencore Group's relationships with customers, suppliers or partners, and no material adverse change to the Greencore Group's ability to meet customer, supplier and partner needs and expectations based on current practice;
- no material unplanned capital expenditure, asset disposals, merger and acquisition or divestment activity conducted by or affecting the Greencore Group (other than the Acquisition);
- no material change in dividend or capital policies of the Greencore Group; and
- no material change to the present management of the Greencore Group.

2. Assumptions outside of Greencore's control or influence

- no material change to existing prevailing macroeconomic, political, fiscal/inflationary, international trade or social conditions or stability during the 52-week period ending 26 September 2025 in the markets or regions in which the Greencore Group operates;

- no material change in legislation, taxation or regulatory requirements impacting the Greencore Group's operations, expenditure or its accounting policies;
- no material adverse change to the Greencore Group's business model or market environment before the end of the 52-week period ending 26 September 2025 (including in relation to customer demand or competitive environment, including regarding the Greencore Group's market share and product demand rates);
- no material adverse change to the Greencore Group's commercial relationships or product service levels, and no material adverse events that will have a significant impact on the Greencore Group's major customers or suppliers;
- no material disruption or delays to international transport networks or adverse changes in supply chain costs to the Greencore Group;
- no material change in the Greencore Group's existing debt arrangements (other than in connection with the Acquisition), ability to access external finance and refinance existing debt upon maturity;
- no material litigation or regulatory investigations, and no material unexpected developments in any existing litigation or regulatory investigation, each in relation to any of the Greencore Group's operations, products or services;
- no material adverse events that would have a significant impact on the Greencore Group including climate change, adverse weather events or information technology/cyber infrastructure disruption; and
- there will be no material change in the control of the Greencore Group.

APPENDIX III

HISTORICAL FINANCIAL INFORMATION OF THE BAKKAVOR GROUP

PART A

Set out below is the audited consolidated financial statements of the Bakkavor Group for the 52-week period ended 30 December 2023:

Report on the audit of the Financial Statements

Opinion

In our opinion:

- Bakkavor Group plc's Group Financial Statements and Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 December 2023 and of the Group's profit and the Group's cash flows for the 52 week period then ended;
- the Group Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report & Accounts 2023 (the "Annual Report"), which comprise: the consolidated statement of financial position and the Company statement of financial position as at 30 December 2023; the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the Company statement of changes in equity for the period then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit and Risk Committee report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

OVERVIEW

Audit scope

- Full scope audit procedures performed over the complete financial information of six components and specified procedures over a further five components.
- Central audit procedures performed by the Group audit team which included the audit of goodwill, the audit of current and deferred income taxes, the audit of share-based payment schemes, the audit of the UK defined benefit pension scheme and the audit of the consolidation.
- Audit coverage from full scope procedures and specified procedures is 69% of Group revenue.
- Full scope audit procedures performed over the Company financial information.

Key audit matters

- Recoverability of goodwill in relation to the US Group cash-generating units ("CGU") (Group).
- Recoverability of shares in Group undertakings and loans to Group undertakings (Company).

Materiality

- Overall Group materiality: £6,746,400 (2022: £6,800,000) based on 1% of total revenues capped at 10% of profit before tax on underlying activities.
- Overall Company materiality: £4,049,720 (2022: £4,000,000) based on 1% of total assets.
- Performance materiality: £5,060,025 (2022: £5,100,000) (Group) and £3,037,290 (2022: £3,000,000) (Company).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the Auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the Auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Completeness and accuracy of customer deduction accruals (Group) and Presentation and disclosure of exceptional items (Group), which were key audit matters last year, are no longer included because of the reduction in magnitude of the customer deduction accruals and the immaterial value of exceptional items in the year. The recoverability of goodwill key audit matter has also been amended to include the US CGU only as the UK CGU is not subject to the same level of uncertainty with inflation as in the prior year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Recoverability of goodwill in relation to the US Cash Generating Unit (Group)	
Refer to the accounting policies in Note 2, the key sources of estimation uncertainty in Note 3 and Note 13 of the Notes to the Consolidated Financial Statements.	At the planning stage of the audit, we assessed the design and implementation of controls over the impairment review process. We concluded that controls and review procedures surrounding the impairment process and related calculations are designed and implemented effectively.
Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires estimations on the part of management in both identifying and then valuing the relevant Group's Cash Generating Units ("CGUs").	As part of our audit of management's impairment assessment and underlying discounted cash flow model, we performed the following procedures.
On 30 December 2023, the Group held goodwill of £48.7m (2022: £51.3m) in relation to the US CGU. We focused on the goodwill allocated to the US CGU as this was determined to be a significant risk in the current year.	• We obtained the impairment models prepared by management and tested the technical and arithmetic accuracy to ensure that they had been prepared in line with the guidance provided in IAS 36. We noted no errors in the models provided and concluded the methodology applied was appropriate.
Management judgement and estimation is required to establish the recoverable amount using VIU models. This includes judgement in the selection of assumptions used to forecast future cash flows such as earnings before interest, tax, depreciation and amortisation ("EBITDA") growth, climate change impacts and capital expenditure, and in the selection of appropriate discount rates and long-term growth rates ("LTGRs").	• We reviewed the climate related assumptions within the models. Management have continued to use the cost estimate utilised in the previous year's model provided by management experts, KPMG. These costs are in respect of management's decarbonisation strategy and are consistent with management's disclosed commitment to reach Net Zero emissions by 2040. We have performed the following:
The key assumptions within the models are all subjective and susceptible to management bias and execution risk and could lead to an impairment charge if incorrect.	a. Considered whether management's decision to continue to use the prior year estimate is appropriate;
Refer to the Audit and Risk Committee report for discussion of this key audit matter.	b. Compared management's carbon pricing costs to an independent external source, the International Energy Agency; and c. Performed sensitivity analysis on the impact of climate costs on the model. Based on the above mentioned procedures performed, we noted no material discrepancies. • We used internal valuations experts to determine whether management's discount rate for the CGU was within an acceptable range and concluded that it was appropriate. Management's discount rate, which is based on a consistent methodology, fell within the lower end of our internal valuations ranges provided. In the prior year, management's value fell mid-range for the UK and at the higher end for the US. We have considered whether this indicates any bias in management's estimate and conclude that given it is based on a consistent methodology it remains an appropriate assumption. • We used internal valuation experts to determine if the LTGR used in the impairment model was consistent with external sources of evidence. We noted an immaterial difference due to the utilisation of distinct sets of source data and thus concluded that it remained an appropriate assumption.

Key audit matter	How our audit addressed the key audit matter
	• We identified key cash flow forecast assumptions to which the US model was sensitive and focused our efforts on these assumptions. We challenged the basis of the short-term forecasts used in the model, focussing on revenue growth, EBITDA margin assumptions, and capital expenditure. Procedures performed included, but were not limited to: a. Agreeing forecasts to Board approved budgets and three year plan; b. Reviewing management's historical accuracy of forecasting; c. Obtaining a revenue bridge from FY23 to FY24 forecast and agreeing bridge items to supporting evidence and assessing longer term (FY25) revenue growth with reference to historical growth and customer commercial strategies; d. Obtaining an EBITDA bridge from FY23 actuals through to FY25 forecasts, and identifying key assumptions for margin growth including volume and factory performance, as well as forecast inflation, price recovery and overheads; e. Obtaining detailed factory performance plans, holding discussions with site General Managers and Finance teams and reviewing the FY23 run rate in the second half of the year and FY24 actual performance to date; f. Reviewing capital expenditure forecasts to Board approved plans and considering historic expenditure rates; and g. Reviewing actual performance of the US CGU in 2023 and 2024 to date. • We reperformed management's sensitivity analysis by reducing operational cash flows to simulate downside scenarios and failure to achieve forecast growth, and separately sensitised the discount rate and LTGR to understand the impact that possible changes could have. We confirmed these are mathematically accurate. We challenged management on the disclosures in order to appropriately reflect the risk surrounding estimation and concluded that the current disclosures are acceptable. • We performed independent sensitivities on the US CGU in the form of stress tests to assess the deviation from budget that the CGU could withstand before an impairment would be necessary. These were focused on adjusting those assumptions which involve greater estimation such as EBITDA growth and margin improvement. We also compared the downsides in management's going concern model for consistency. • We concluded that no impairment charge is required based on the testing and reasonable downside scenarios modelled. We concur with the disclosures included in the Group Financial Statements.
Recoverability of shares in Group undertakings and loans to Group undertakings (company) Refer to the accounting policies in Note 2, Note 4 and Note 8 of the Company Financial Statements. Bakkavor Group plc holds a direct investment of £309.5m (2022: £309.5m) in Bakkavor Holdings Limited, and through this entity an indirect investment in the Group. The valuation of the shares in Group undertakings is significant to the Company only balance sheet. The Company also holds a loan to Group undertakings of £95.5m (2022: £95.6m). Material impairment to these balances could result in implications for future dividends.	• At the planning stage of the audit, we assessed the design and implementation of controls over the impairment review process for both shares in Group undertakings and loans to Group undertakings. We concluded that controls and review procedures surrounding the impairment process and related calculations are designed and implemented effectively. To address the risk identified: • We obtained a schedule of shares in Group undertakings and ensured this reconciled to the Company Financial Statements.

Key audit matter	How our audit addressed the key audit matter
	• We challenged management's assertion that no impairment triggers were identified that would necessitate a full impairment review to be performed. We performed a review of net assets of the subsidiary entity against the carrying value, considered the external market and economic factors and, with respect to the US and UK, also our review of the discounted cash flow models prepared for the purpose of testing goodwill for impairment. (Please see our key audit matter in respect of the recoverability of goodwill in relation to the US cash-generating unit). Based on these procedures, we concluded that there were no triggers that would indicate that the Directors were required to perform a full impairment test of the shares in the Group undertakings' carrying value. • We have performed a reconciliation of the loans to Group undertakings amount and ensured this agrees with the counterparties. • We reviewed the application of management's impairment methodology in assessing the recoverability of intercompany receivables and the level of related expected credit loss provisions. The outstanding balances are considered to have a low credit risk and therefore the associated loss allowance is limited to 12 months' expected losses. We have reviewed the terms for the loans to Group undertakings and assessed the nature of the counterparty's liquid assets and have concluded that there is no indication of material impairment to the receivable balances. We also assessed the adequacy of the disclosure provided in Note 2, Note 4 and Note 8 of the Company Financial Statements in relation to the relevant accounting standards. We found no exceptions as a result of our testing and consider the recoverability of shares in Group undertakings and loans to Group undertakings to be appropriate.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured according to manufacturing sites, each of which is a component and which maintains separate accounting records and controls. The Group Financial Statements are a consolidation of reporting units, comprising the manufacturing sites and centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at each component. Two reporting components were determined to be financially significant due to their relative contribution to revenue or absolute profit before tax on underlying activities. Full scope audit procedures were performed over these components. No reporting components were determined to be significant based on their risk profile.

We identified a further four UK components which, in our view, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained. We also identified certain large or material balances in other components where specified audit procedures were performed. These included:

- Property, plant and equipment, cash and cash equivalents, inventories, borrowings, and revenue within the US sub-consolidation;
- Inventories (specifically existence testing) within the Inbound Logistics component;
- Provisions within one property component;
- Cash and cash equivalents and payroll accrual balances within the Chinese sub-consolidation; and
- Cash and cash equivalents, derivative financial instruments, borrowings and related interest expenses within the finance component.

Specific audit procedures were performed to ensure that we had sufficient audit coverage over the relevant Financial Statement line items.

The consolidation, Financial Statement disclosures and a number of centralised areas were audited by the Group audit team at the head office. These included the audit of the recoverability of goodwill, investments, the audit of current and deferred income taxes, the audit of share-based payment schemes and the audit of the defined benefit pension scheme.

We also performed analytical procedures on all of the remaining out of scope components to identify whether any further audit evidence was needed. This resulted in no additional substantive testing.

The Company was also subject to a full scope audit by the Group audit team.

This audit work resulted in coverage of 69% of Group revenues.

THE IMPACT OF CLIMATE RISK ON OUR AUDIT

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group Financial Statements and support the disclosures made within the Strategic Report.

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management to the Carbon Disclosure Project;
- Reviewing internal climate plans and board minutes; and
- Reading the Company's website for details of climate related commitments and impacts.

Management have made a commitment to reach Net Zero emissions across Group operations by 2040. Management are in the process of developing a detailed pathway to deliver this commitment and have modelled their current best view of the impact. This will be refined in subsequent periods as the pathway becomes more defined.

The key area of the Group Financial Statements where management evaluated that climate risk has a potentially significant impact is in determining the value-in-use of its CGU for the assessment of the recoverability of goodwill in relation to the UK and US, where decarbonisation costs relating to climate credits are a key assumption.

Our audit response in respect of the US CGU is included in the key audit matter above. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures ("TCFD") section) within the Annual Report with the Group Financial Statements and our knowledge obtained from our audit. This included obtaining management's expert reporting used in the TCFD scenario analysis and considering if the assumptions are consistent with those used in the goodwill recoverability assessment and challenging the completeness of the disclosures given in the narrative reporting. We have no matters to report as a result of these procedures.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Financial Statements – Group	Financial Statements – Company
Overall materiality	£6,746,400 (2022: £6,800,000).	£4,049,720 (2022: £4,000,000).
How we determined it	1% of total revenues capped at 10% of profit before tax on underlying activities.	1% of total assets.
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, several KPIs used by management to inform its key stakeholders as well as the targets used for Executive remuneration. Taking these into account we have considered both revenue and profit before tax on underlying activities when determining materiality for this period.	We believe that total assets are an appropriate benchmark for a holding company.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £0.3m and £6.5m.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £5,060,025 (2022: £5,100,000) for the Group Financial Statements and £3,037,290 (2022: £3,000,000) for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £337,335 (Group audit) (2022: £340,000) and £202,486 (Company audit) (2022: £200,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern and viability;
- discussing with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business, the sector and wider commentary available from key customers. We verified key assumptions to supporting documentation;
- reviewing monthly trading results to January 2024 and February 2024 weekly actuals, and comparing to management's original budget and revised forecasts, and considering the impact of these actual results on the future forecast period; and
- reviewing management's severe but plausible downside sensitivity scenario. We assessed the availability of liquid resources under the base case and downside scenarios modelled by management, and the associated covenant tests applied. We reviewed management's identified mitigating actions, albeit we note that no significant mitigations are required for management's base case.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our Auditors' report thereon. The directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 December 2023 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement included within the Governance section is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the Auditors.

Responsibilities for the Financial Statements and the audit

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions legislation, employment regulation, health and safety legislation and other legislation specific to the industry in which the Group operates (including food safety legislation), and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Listing Rules, tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline, and the results of management's investigation of such matters;
- Review of minutes of meetings of those charged with governance;
- Review of internal audit reports;
- Review of key correspondence with regulatory authorities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability assessment for goodwill (see related key audit matters); and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations which impact revenue or EBITDA, which could manipulate the financial performance of the business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- The Company Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 23 May 2019 to audit the Financial Statements for the year ended 28 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 28 December 2019 to 30 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This Auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Sandeep Dhillon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

4 March 2024

CONSOLIDATED INCOME STATEMENT
52 WEEKS ENDED 30 DECEMBER 2023

		52 weeks ended 30 December 2023			53 weeks ended 31 December 2022		
£m	Note	Underlying activities	Exceptional items[1]	Total	Underlying activities	Exceptional items[1]	Total
Continuing operations							
Revenue	4,5	**2,203.8**	**–**	**2,203.8**	2,139.2	–	2,139.2
Cost of sales		**(1,614.4)**	**–**	**(1,614.4)**	(1,576.5)	–	(1,576.5)
Gross profit		**589.4**	**–**	**589.4**	562.7	–	562.7
Distribution costs		**(85.1)**	**–**	**(85.1)**	(89.4)	–	(89.4)
Other administrative costs		**(409.9)**	**1.3**	**(408.6)**	(385.7)	(50.1)	(435.8)
(Loss)/profit on disposal of property, plant and equipment		**(0.1)**	**1.5**	**1.4**	0.1	–	0.1
Share of profit of associates after tax		**–**	**–**	**–**	0.2	–	0.2
Operating profit		**94.3**	**2.8**	**97.1**	87.9	(50.1)	37.8
Finance costs	9	**(27.4)**	**–**	**(27.4)**	(21.0)	–	(21.0)
Finance income	9	**0.6**	**–**	**0.6**	0.2	–	0.2
Other gains	10	**–**	**–**	**–**	1.1	–	1.1
Profit before tax	6	**67.5**	**2.8**	**70.3**	68.2	(50.1)	18.1
Tax charge	11	**(16.4)**	**–**	**(16.4)**	(14.7)	9.1	(5.6)
Profit for the period		**51.1**	**2.8**	**53.9**	53.5	(41.0)	12.5
Earnings per share							
Basic	12			**9.4p**			2.2p
Diluted	12			**9.2p**			2.1p

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 7 and include material items that are non-recurring, significant in nature and are important to users in understanding the business, including restructuring costs and impairment of assets. In addition, the Group uses further Alternative Performance Measures which can be found in Note 36.

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
52 WEEKS ENDED 30 DECEMBER 2023

£m	Note	52 weeks ended 30 December 2023	53 weeks ended 31 December 2022
Profit for the period		**53.9**	12.5
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension schemes	32	**(2.9)**	(26.3)
Tax relating to components of other comprehensive income	11	**0.7**	6.6
		(2.2)	(19.7)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(11.7)**	17.3
(Loss)/gain on cash flow hedges		**(4.4)**	13.3
Hedging gains reclassified to profit or loss		**(6.8)**	(1.4)
Tax relating to components of other comprehensive income	11	**2.8**	(3.1)
		(20.1)	26.1
Total other comprehensive (expense)/income		**(22.3)**	6.4
Total comprehensive income		**31.6**	18.9

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 DECEMBER 2023

£m	Note	30 December 2023	31 December 2022
Non-current assets			
Goodwill	13	**652.5**	655.1
Other intangible assets	14	**10.5**	8.8
Property, plant and equipment	15	**507.9**	548.1
Interests in associates and other investments	17	**0.1**	3.7
Deferred tax asset	23	**14.7**	12.9
Retirement benefit asset	32	**12.0**	12.8
Derivative financial instruments	22	**0.9**	9.9
		1,198.6	1,251.3
Current assets			
Inventories	18	**71.3**	86.2
Trade and other receivables	19	**171.7**	161.0
Cash and cash equivalents	20	**36.6**	40.2
Derivative financial instruments	22	**2.1**	2.7
		281.7	290.1
Total assets		**1,480.3**	1,541.4
Current liabilities			
Trade and other payables	25	**(447.6)**	(430.0)
Current tax liabilities		**(3.4)**	(1.1)
Borrowings	21	**(25.4)**	(13.1)
Lease liabilities	24	**(11.6)**	(11.3)
Provisions	26	**(10.4)**	(22.0)
Derivative financial instruments	22	**(0.5)**	(0.3)
		(498.9)	(477.8)
Non-current liabilities			
Borrowings	21	**(240.0)**	(309.2)
Lease liabilities	24	**(78.9)**	(85.9)
Provisions	26	**(15.7)**	(15.0)
Derivative financial instruments	22	**(0.8)**	–
Deferred tax liabilities	23	**(38.4)**	(35.7)
		(373.8)	(445.8)
Total liabilities		**(872.7)**	(923.6)
Net assets		**607.6**	617.8
Equity			
Called up share capital	28	**11.6**	11.6
Own shares held	28	**(4.4)**	(3.1)
Merger reserve	28	**(130.9)**	(130.9)
Hedging reserve	28	**1.1**	9.5
Translation reserve	28	**32.8**	44.5
Retained earnings		**697.4**	686.2
Total equity		**607.6**	617.8

The Financial Statements of Bakkavor Group plc and the accompanying Notes, which form an integral part of the Consolidated Financial Statements, were approved by the Board of Directors on 4 March 2024. They were signed on behalf of the Board of Directors by:

Mike Edwards
Chief Executive Officer

Ben Waldron
Chief Financial Officer and Asia Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 30 DECEMBER 2023

£m	Note	Called up share capital	Own shares held	Merger reserve	Hedging reserve	Translation reserve	Retained earnings	Total equity
Balance at 26 December 2021		11.6	–	(130.9)	1.7	27.2	731.1	**640.7**
Profit for the period		–	–	–	–	–	12.5	**12.5**
Other comprehensive income/(expense) for the period		–	–	–	8.8	17.3	(19.7)	**6.4**
Total comprehensive income/(expense) for the period		–	–	–	8.8	17.3	(7.2)	**18.9**
Reclassification to inventory		–	–	–	(1.0)	–	–	**(1.0)**
Purchase of own shares	28	–	(3.1)	–	–	–	–	**(3.1)**
Dividends	28	–	–	–	–	–	(38.8)	**(38.8)**
Credit for share-based payments	31	–	–	–	–	–	1.9	**1.9**
Cash-settlement of share-based payments	31	–	–	–	–	–	(0.6)	**(0.6)**
Deferred tax	11	–	–	–	–	–	(0.2)	**(0.2)**
Balance at 31 December 2022		**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	28	–	(2.4)	–	–	–	–	**(2.4)**
Dividends	28	–	–	–	–	–	(40.8)	**(40.8)**
Credit for share-based payments	31	–	–	–	–	–	2.0	**2.0**
Proceeds from exercise of share options	31	–	–	–	–	–	0.2	**0.2**
Equity-settlement of share-based payments	28	–	1.1	–	–	–	(1.1)	**–**
Deferred tax	11	–	–	–	–	–	(0.8)	**(0.8)**
Balance at 30 December 2023		**11.6**	**(4.4)**	**(130.9)**	**1.1**	**32. 8**	**697.4**	**607.6**

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
52 WEEKS ENDED 30 DECEMBER 2023

£m	Note	52 weeks ended 30 December 2023	53 weeks ended 31 December 2022
Net cash generated from operating activities	29	**147.7**	127.1
Investing activities:			
Interest received		**0.6**	0.2
Dividends received from associates	17	**1.6**	–
Purchases of property, plant and equipment		**(40.4)**	(61.1)
Proceeds on disposal of property, plant and equipment		**1.6**	0.1
Purchase of intangibles		**(3.5)**	(2.9)
Disposal of associate	17	**3.2**	–
Net cash used in investing activities		**(36.9)**	(63.7)
Financing activities:			
Dividends paid	28	**(40.8)**	(38.8)
Own shares purchased	28	**(2.4)**	(3.1)
Proceeds from exercise of share options		**0.2**	–
Increase in borrowings		**11.1**	9.7
Repayment of borrowings		**(69.1)**	(9.2)
Principal elements of lease payments	24	**(12.3)**	(14.0)
Net cash used in financing activities		**(113.3)**	(55.4)
Net (decrease)/increase in cash and cash equivalents		**(2.5)**	8.0
Cash and cash equivalents at beginning of period		**40.2**	31.1
Effect of foreign exchange rate changes		**(1.1)**	1.1
Cash and cash equivalents at end of period		**36.6**	40.2

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
52 WEEKS ENDED 30 DECEMBER 2023

1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activities of the Company and its subsidiaries (the "Group") comprise the manufacture of fresh prepared food and fresh produce. These activities are undertaken in the UK and US where products are primarily sold through high-street supermarkets and China where products are primarily sold through foodservice operators.

2. Significant accounting policies

BASIS OF ACCOUNTING

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"), together with the Group's share of the results of associated undertakings, comprising a 52 or 53-week period ending on the Saturday of or immediately before 31 December. Where the fiscal year 2023 is quoted in these Financial Statements this relates to the 52-week period ended 30 December 2023. The fiscal year 2022 relates to the 53-week period ended 31 December 2022.

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).

Amendments to IAS 12 'Income Taxes' – Deferred tax related to assets and liabilities arising from a single transaction

On 7 May 2021, the IASB issued amendments to IAS 12 'Income Taxes' relating to deferred tax on assets and liabilities arising from a single transaction. The amendments require companies to recognise deferred tax on transactions that on initial recognition give rise to equal amounts of taxable and deductible temporary differences. This amendment has been adopted by the Group from 1 January 2023 and there are no such temporary differences to be recognised.

Amendments to IAS 12 'Income Taxes' – Pillar Two Income Taxes

The Organisation for Economic Cooperation & Development ("OECD") has published proposals for a global corporate minimum tax rate of 15% ("Pillar Two"). On 20 June 2023, legislation in respect of Pillar Two was substantively enacted in the UK, Finance (No.2) Act 2023, for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date. However, the IASB issued narrow-scope amendments to IAS 12 'Income Taxes' Pillar Two which provide a temporary exemption, which can be applied immediately, from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements Pillar Two model rules. These amendments were approved for adoption by the UK Endorsement Board and adopted on 19 July 2023. The Group has applied this exception.

The following new standards, interpretations and amendments effective in the current financial year have not had a material impact on the consolidated Group financial statements:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Narrow scope amendments to IFRS 3, IAS 8, IAS 16 and IAS 37.
- Insurance contracts IFRS 17.

At the date of authorisation of these Financial Statements, the following Standards and Interpretations relevant to the Group have not been applied in these Financial Statements as they were in issue but not yet effective:

- Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates Amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities.
- Amendments to IAS 1 'Presentation of Financial Statements' on non-current liabilities with covenants.
- Amendments to IFRS 16 'Leases' Lease Liability in a Sale and Leaseback.

The Directors anticipate that the adoption of these Standards and Interpretations will have no material impact on the Financial Statements of the Group.

All principal accounting policies adopted have been applied consistently and are set out below.

2. Significant accounting policies continued

GOING CONCERN

The Directors have reviewed the historical trading performance of the Group and the forecasts through to March 2025.

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 further inflation and the potential impact of lower sales volumes from reduced consumer demand in response to increasing retail prices.

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

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

SUBSIDIARIES

Subsidiary undertakings are included in the Consolidated Financial Statements from the date on which control is achieved and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the elements of control.

When the Group has less than a majority of the voting rights of an investee, it considers all relevant facts and circumstances in assessing whether or not it has power over the investee to direct the relevant activities of the investee unilaterally.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

BUSINESS COMBINATIONS

Business acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on business combinations is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after the reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

When the consideration in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37, as appropriate.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the income statement.

GOODWILL

Goodwill is initially recognised and measured as set out above in 'Business combinations'.

Goodwill is assumed to have an indefinite life as the acquired business is expected to trade for the foreseeable future and therefore goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs") or groups of CGUs expected to benefit from the synergies of the combination. The CGUs identified by the Group are the three operating regions: the UK, US and China. This is the lowest level at which goodwill is monitored. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Please refer to Note 13 for details of the goodwill impairment assessment.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill on the acquisition of an associate is described in 'Investments in associates' below.

INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these Financial Statements using the equity method of accounting. Investments in associates are initially recognised in the statement of financial position at cost and adjusted thereafter by the Group's share of the profit or loss and other comprehensive income of the associate, less any impairment in the value of individual investments and less any dividends or distributions received from the associate.

On acquisition of the investment, goodwill is the excess of cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities, which is included within the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 'Impairment of Assets'.

Where a Group company transacts with an associate of the Group, profits and losses are only recognised in the Financial Statements to the extent of interests in the associate that are not related to the Group.

REVENUE RECOGNITION

The Group sells fresh prepared foods and fresh produce, and revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer upon delivery to the customer and represents the value of sales to customers net of customer deductions and discounts, VAT and other sales-related taxes. The Group recognises revenue net of customer deductions and discounts in the period in which the arrangement applies only when it is highly probable a significant reversal in the cumulative amount of revenue will not occur. The Group does not expect to have any contracts where the period between transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money. For goods returned, the Group will recognise an obligation and reduce revenue accordingly.

2. Significant accounting policies continued

CUSTOMER DEDUCTIONS

Consistent with standard industry practice, the Group has arrangements with its customers providing volume-related rebates, marketing and promotional funding contributions, discounts or lump sum incentives. These costs are recognised as a reduction to revenue, as they are considered to be an adjustment to the selling price for the Group's products. Sometimes the payment of this support is subject to the Group's customers performing specified actions or satisfying certain performance conditions associated with the purchase of products from the Group. These include achieving agreed purchase volume targets and providing promotional marketing materials/activities. Whilst there is no standard definition, these amounts payable to customers are generally termed as 'customer deductions'.

Volume-based rebates, which are calculated on the Group's estimate of rebates, are expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract. When the Group has satisfied its performance obligations, the customer will make payment in line with agreed payment terms.

The Group recognises these costs as a deduction from revenue based upon the terms of the relevant arrangement in place. Amounts payable relating to customer deduction arrangements are recognised within accruals except in cases where the Group has a legal right of set-off and intends to offset against amounts due from that customer.

LEASES

IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 30 December 2018.

Under IFRS 16, all leases (except as noted below) are accounted for as follows:

- Recognise the right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments. Future lease payments are discounted at the Group's weighted average incremental borrowing rate;
- Use the lease term specified in the contract. Where there are termination options in the contract it is assumed that these will not be exercised and when there are extension options the Group assumes that these will be exercised; and
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets and any impairment is provided for by writing down the asset value.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis over the lease term as permitted by IFRS 16 paragraph 6. This expense is presented within other expenses in the consolidated income statement.

In the statement of cash flows, the Group as a lessee will classify:

- Cash payments for the principal portion of the lease liability within financing activities;
- Cash payments for the interest portion of the lease liability within interest paid, in line with the policy for other types of interest; and
- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

FOREIGN CURRENCY

The individual Financial Statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds Sterling, being the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

For the purpose of presenting Consolidated Financial Statements, 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 annual average rate, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the income statement. However, a partial disposal of a foreign operation where the Group does not lose control results in the proportionate share of accumulated exchange differences being re-attributed to non-controlling interests and is not recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

RESEARCH AND DEVELOPMENT

Research and development costs comprise all directly attributable costs necessary to create and produce new and updated products. Expenditure on research and development, where development costs do not meet the recognition criteria of IAS 38, is recognised as an expense in the period in which it is incurred.

EXCEPTIONAL ITEMS

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, significant in nature and are important to users in understanding the business, including restructuring costs and impairment of assets.

RETIREMENT BENEFIT OBLIGATIONS

Defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, which then invests the contributions to buy annuities for the pension liabilities as they become due based on the value of the fund, and hence the Group has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit pension plans

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognised outside of the income statement and presented in the statement of comprehensive income.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Past service costs are recognised in the income statement on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs or termination benefits.

The Group recognises the first two components of defined benefit costs in the income statement.

The retirement benefit recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

2. Significant accounting policies continued

SHARE-BASED PAYMENTS

An expense is recognised for goods or services acquired in a share-based transaction when the goods are obtained or the service received. The credit is booked as either a liability or in equity, depending on the type of share-based payment.

Equity-settled share-based payment transactions are transactions where Group shares are issued as consideration for goods or services. They are measured in the income statement at the fair value of the equity instrument granted at the date of grant with the corresponding amount booked to equity. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The fair value calculation should reflect market-based performance conditions. The total expense will be reduced by estimates of options that will not vest (due to leavers or not meeting non-market-based performance criteria). Estimates of non-vesting are to be recalculated at each measurement date. For grants of equity instruments with market conditions, the entity shall recognise the goods and services from a counterparty who satisfies other vesting conditions, regardless of whether that market condition is satisfied.

During 2022, the Company began purchasing its own Ordinary shares from the market through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust. These shares are held to satisfy share awards under the Group's share scheme plans. Own shares are recorded at cost and are deducted from equity.

TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Tax returns are prepared to adhere to tax rules and regulations and with all transactions being fully disclosed to the tax authorities. However, the complex nature of tax sometimes means that the legislation is open to interpretation. In such cases, judgement is required to quantify the tax liability to be reflected in the Financial Statements. If there is a reasonable possibility that tax authorities may take a different view from the position taken in the filed returns then this will be reflected in the Financial Statements in the form of a tax provision. In such cases, this provision will represent the full amount of any potential liability until the matter is agreed with the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated in the statement of financial position at cost less any subsequent accumulated depreciation and impairment losses.

The useful economic lives are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product life cycle.

Depreciation is charged so as to write off the cost or valuation of assets, other than land or assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings – maximum period of 50 years

Plant and machinery – 1 to 20 years

Fixtures and equipment – 3 to 5 years

Depreciation is charged to Other administrative costs in the income statement.

Assets purchased through a lease agreement are recognised in property, plant and equipment and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Right-of-use assets are depreciated over the term of the relevant lease.

Some fixtures and equipment, that comprise improvements or additions to an existing building, may be depreciated over the same period as the related building, which could be longer than five years.

Reviews of the estimated remaining useful lives and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. All items of property, plant and equipment are reviewed for impairment when there are indications that the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

CAPITALISED BORROWING COSTS

Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the relevant asset is substantially complete. Borrowing costs are calculated using the Group's weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

OTHER INTANGIBLE ASSETS

Intangible assets have finite useful lives which are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product life cycle. The assets are amortised on a straight-line basis over their determined useful life.

The amortisation charge for customer relationships and customer contracts is recognised as an expense over ten years, and is charged to Other administrative costs in the income statement.

During 2022, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service ("SaaS") arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The impact of this revision was not material.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received, unless the configuration and customisation activities significantly modify or customise the cloud software, in which case the costs are expensed over the SaaS contract term.

When they meet the definition of recognition criteria for an intangible asset, costs incurred relating to the development of software code that enhances or modifies existing on-premise systems are recognised as intangible assets.

The amortisation charge for software, source code, licences and development is recognised as an expense over the term of the software contract up to a maximum of ten years, and is charged to Other administrative costs in the consolidated income statement.

IMPAIRMENT

Intangible assets and property, plant and equipment are tested for impairment when an event that might affect asset values has occurred. Examples of such triggering events include: significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows.

An impairment loss is recognised, in the income statement, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets in accordance with IAS 36 'Impairment of Assets'.

2. Significant accounting policies continued

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded either in profit or loss or in OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement depends on the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Impairment losses are presented as a separate line item in the income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Any fair value movement is recognised in the income statement and presented net within other gains and (losses) in the period in which it arises.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The Group classifies its trade receivable balances dependent on its objectives with respect to the collection of contractual cash flows. The Group operates non-recourse debtor factoring arrangements with four of its significant customers. Receivables generated from goods sold to these customers are subsequently measured at fair value through the income statement, as the objective of management is to sell the receivables (Held to sell business model). All other trade receivables are held with the objective of collecting the contractual cash flows, and so these are measured subsequently at amortised cost using the effective interest method (Held to collect business model).

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of sales before 30 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented in other administrative costs within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

FINANCIAL LIABILITIES

Financial liabilities held by the Group are classified as other financial liabilities at amortised cost and derivatives at FVPL.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

Finance costs are recognised on an effective interest basis for debt instruments other than those financial liabilities designated as at FVPL. The effective interest method is a method of both calculating the amortised cost of a debt instrument and allocating finance costs over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value measurement

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset, and substantially all the risks and rewards of ownership of the asset, to another entity. Financial liabilities are derecognised when and only when the Group's obligations are discharged, cancelled or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 22 and 27. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates interest rate swap derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. The Group has designated all new forward foreign exchange contracts as cash flow hedges and hedge accounting is applied to these instruments.

The hedging relationship is documented at inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout their duration. These hedges have been designated as cash flow hedges and are expected, at inception and on an ongoing basis, to be highly effective in offsetting changes in the cash flows of hedged items.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of 'hedging reserve', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

2. Significant accounting policies continued
Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising from onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a lease contract is onerous, the onerous provision is calculated as the costs of meeting the obligations under the contract excluding lease rentals that are included as part of the lease liability.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the amount of the obligation cannot be measured reliably. A contingent liability is disclosed in the Notes to the Financial Statements and is not recognised when the possibility of an outflow is more than remote. When an outflow becomes probable, it is recognised as a provision.

3. Critical accounting judgements and key sources of estimation uncertainty

The following are areas of particular significance to the Group's Financial Statements and include the application of judgement, which is fundamental to the compilation of a set of Financial Statements:

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Presentation of exceptional items

The Group's financial performance is analysed in two ways: underlying performance (which does not include exceptional items) and exceptional items that are material and not expected to reoccur. Judgement is required as to whether items should be presented as exceptional or underlying. Exceptional items include material items that are significant in nature or non-recurring and are important to users in understanding the business. Where disclosed, items have been considered by management to meet this definition. For further details please see Note 7.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Pension obligations

The Group maintains a defined benefit pension plan for which it has recorded a pension asset. The obligations included within the overall pension asset are based on an actuarial valuation that requires a number of assumptions including discount rate, inflation rate, mortality rates and actual return on plan assets that may necessitate material adjustments to this asset/liability in the future. The assumptions used by the Group are the best estimates based on historical trends and the composition of the workforce. Details of the principal actuarial assumptions used in calculating the recognised asset/liability for the defined benefit plan, and the sensitivity of reported amounts to changes in those assumptions, are given in Note 32.

IMPAIRMENT OF GOODWILL

The recoverable amount of the US CGU is determined based on the higher of fair value less costs to sell and value-in-use calculations. The carrying amount of the US CGU is £48.7m (2022: £51.3m); the assumptions used to calculate the recoverable amount are considered to be a key source of estimation uncertainty. The key assumptions that can impact the value-in-use calculation are changes to the growth rates applied to derive a three-year forecast, or a movement in the long-term growth rate and discount rate applied to the future cash flows. The Group has considered the impact of the assumptions used in the US CGU calculation and has conducted sensitivity analysis on the impairment tests of the CGUs carrying value. See Note 13 for further details.

4. 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 in order to assess performance and allocate resources. Management has determined the segments based on these reports.

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

The Group manages the performance of its businesses through the use of 'adjusted operating profit', as defined in Note 36.

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 30 December 2023:

£m	Note	UK	US	China	Un-allocated	Total
Revenue		1,852.7	229.4	121.7	–	2,203.8
Adjusted EBITDA	36	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/(loss) on disposal of property, plant and equipment		0.1	–	(0.2)	–	(0.1)
Adjusted operating profit/(loss)	36	93.9	3.4	(3.0)	–	94.3
Exceptional items	7	2.8	(2.9)	2.9	–	2.8
Operating profit/(loss)		96.7	0.5	(0.1)	–	97.1
Finance costs						(27.4)
Finance income						0.6
Other gains and (losses)						–
Profit before tax						70.3
Tax						(16.4)
Profit for the period						53.9
Other segment information						
Capital additions		31.3	14.2	1.7	–	47.2
Interest in associates		–	–	–	–	–
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

4. Segmental information continued

The following table provides an analysis of the Group's segmental information for the period to 31 December 2022:

£m	Note	UK	US	China	Un-allocated	Total
Revenue		1,783.1	255.3	100.8	–	2,139.2
Adjusted EBITDA	36	147.7	12.4	(0.1)	–	160.0
Depreciation		(52.8)	(8.7)	(6.8)	–	(68.3)
Amortisation		(0.3)	(0.4)	–	–	(0.7)
Share scheme charges		(1.9)	–	–	–	(1.9)
Profit on disposal of property, plant and equipment		–	–	0.1	–	0.1
Share of results of associates		–	–	0.2	–	0.2
Adjusted operating profit/(loss)	36	92.7	3.3	(6.6)	–	89.4
Exceptional items	7	(36.6)	(3.8)	(9.7)	–	(50.1)
Configuration and customisation costs for SaaS projects		(1.5)	–	–	–	(1.5)
Operating profit/(loss)		54.6	(0.5)	(16.3)	–	37.8
Finance costs						(21.0)
Finance income						0.2
Other gains and (losses), net						1.1
Profit before tax						18.1
Tax						(5.6)
Profit for the period						12.5
Other segment information						
Capital additions		46.0	39.0	1.9	–	86.9
Interest in associates		–	–	3.6	–	3.6
Total assets		1,215.1	200.2	73.3	52.8	1,541.4
Non-current assets		1,018.1	167.8	55.5	9.9	1,251.3

All of the Group's revenue is derived from the sale of goods in 2022 and 2023. There were no inter-segment revenues. The un-allocated assets of £38.7m (2022: £52.8m) 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 2023, the Group's four largest customers accounted for 73.9% (2022: 73.2%) of the Group's total revenue from continuing operations. These customers accounted for 88.0% (2022: 87.9%) 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:

	2023	2022
Customer A	**32.4%**	32.6%
Customer B	**21.5%**	20.5%
Customer C	**13.1%**	12.2%
Customer D	**6.9%**	7.9%

5. Revenue

The Group derives all revenue from the sale of goods in the following geographic locations:

£m	**2023**	2022
Continuing operations		
UK	**1,852.7**	1,783.1
US	**229.4**	255.3
China	**121.7**	100.8
	2,203.8	2,139.2

Upon completion of delivery (the performance obligation), the terms of the order allow 30 to 75 days (2022: 30 to 75 days) for payment, dependent on the relevant customers' payment terms. The Group has in place trade receivable factoring arrangements. These are non-recourse arrangements which were applicable to 69.4% (2022: 67.4%) of the Group's total sales. These arrangements allow the Group to choose to factor the receivable for approved invoices and receive payment ahead of the agreed terms on a non-recourse basis.

6. Profit before tax

Profit before tax for the period has been arrived at after charging/(crediting):

£m	Note	2023	2022
Depreciation of property, plant and equipment:			
– Owned		**56.4**	55.7
– Leased		**12.3**	12.6
Research and development costs		**9.1**	9.0
Cost of inventory recognised as an expense		**1,029.1**	1,022.3
Amortisation of intangible assets		**3.0**	0.7
Exceptional items	7	**(2.8)**	50.1
Loss/(profit) on disposal of property, plant and equipment		**0.1**	(0.1)
Share scheme charges	31	**2.0**	1.9
Foreign exchange gains	10	**–**	(1.2)
Staff costs	8	**591.9**	594.7

The analysis of the Auditors' remuneration is as follows:

£m	2023	2022
The audit of the Company's Consolidated Financial Statements	**0.4**	0.4
The audit of the Company's subsidiaries pursuant to legislation	**0.8**	0.7
Total audit fees	**1.2**	1.1

Non-audit fees of £45,000 (2022: £41,000) were paid to the Group's Auditors for permitted audit-related assurance and other services.

7. 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, significant in nature and are important to users in understanding the business, including restructuring costs and impairment of assets:

£m	2023	2022
Corporate restructuring costs	**–**	(5.3)
UK site closures release/(accrual) of restructuring provision:		
– Closure costs	**2.2**	(11.8)
– Impairment charge	**0.6**	(19.5)
Investment in associate impairment	**–**	(9.7)
US asset impairment charge	**(3.5)**	–
US customer contractual dispute impairment	**0.6**	(3.8)
Profit on disposal of property, plant and equipment	**1.5**	–
Profit on disposal of associates	**1.4**	–
Total exceptional items	**2.8**	(50.1)
Tax on exceptional items	**–**	9.1
Total exceptional items after tax	**2.8**	(41.0)

2023

The Group has recognised £2.8m of exceptional income for the year. This includes the following:

- £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.
- £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.
- £3.5m impairment charge for fixed assets that will now no longer have any value to the US business.
- The release of 2022 provision of £0.6m of impairment charges on assets for the UK business and £0.6m for the US business that are no longer required.
- £2.2m for the release of UK 2022 closure cost provisions following the sites closing earlier in 2023 than originally planned.

7. Exceptional items continued
2022

For the period ended 31 December 2022, the Group incurred an exceptional charge of £50.1m comprising the following:

- £17.1m relates to restructuring costs for the closure of two of our UK sites by the end of Q1 2023, and the costs of a corporate restructuring, which includes redundancy payments, onerous and other closure costs.
- An impairment charge of £19.3m in respect of the relevant fixed assets at the two sites due to close and £0.2m for the impairment of intangible assets for one of the businesses and these charges had no cash impact.
- The value of the Group's investment in associated undertakings based in Hong Kong was written down by £9.7m due to the ongoing impact of Covid on the trading performance of that business.
- An ongoing contractual dispute with a US customer has resulted in a £3.8m impairment of inventory and receivables related to this customer.

8. Staff costs

The average monthly number of employees (including Executive Directors) during the period was:

	2023 Number	2022 Number
Production	**14,906**	15,283
Management and administration	**2,345**	2,378
Sales and distribution	**885**	919
	18,136	18,580

Their aggregate remuneration comprised:

£m	Note	2023	2022
Wages and salaries		**515.7**	518.0
Social security and other costs		**63.1**	63.5
Other pension costs	32	**13.1**	13.2
		591.9	594.7

Details of the emoluments paid to Directors are included from pg 127 in the Directors' remuneration report and in Note 33.

9. Finance costs and income

FINANCE COSTS

£m	Note	2023	2022
Interest on borrowings[1]		**(16.4)**	(13.5)
Interest on non-recourse receivables financing		**(7.1)**	(3.6)
Interest on lease liabilities		**(3.0)**	(3.1)
Unwinding of discount on provisions	26	**(0.9)**	(0.8)
Total finance costs		**(27.4)**	(21.0)

1 Interest on borrowings for 2022 represented to separate the interest on non-recourse receivables and finance income.

FINANCE INCOME

£m	2023	2022
Interest received on bank deposits	**0.6**	0.2

There were no borrowing costs included in the cost of qualifying assets during 2022 or 2023. Borrowing costs included in the cost of qualifying assets during prior years arose within the general borrowing pool and were calculated by applying a capitalisation rate of 3.0% to expenditure on such assets.

Amounts included in the cost of qualifying assets have been capitalised under IAS 23 and are therefore subject to deferred tax. The deferred tax credit to income was £nil (2022: £nil).

10. Other gains and (losses)

£m	2023	2022
Foreign exchange gains	**–**	1.2
Change in the fair value of derivative financial instruments	**–**	(0.1)
	–	1.1

11. Tax

£m	Note	2023	2022
Current tax:			
Current period		**14.3**	9.7
Prior period adjustment		**(1.2)**	1.7
Total current tax charge (pre-exceptional items)		**13.1**	11.4
Deferred tax:			
Deferred tax relating to the origination and reversal of temporary differences in the period		**0.9**	3.7
Deferred tax relating to changes in tax rates		**0.2**	1.6
Prior period adjustment		**2.2**	(2.0)
Total deferred tax charge (pre-exceptional items)	23	**3.3**	3.3
Tax on exceptional items:			
Current tax		**0.6**	(3.4)
Deferred tax		**(0.6)**	(5.7)
Total tax credit on exceptional items		**–**	(9.1)
Total tax charge for the period		**16.4**	5.6

The Group tax charge for the period was £16.4m (2022: £5.6m) which represents an effective tax rate of 23.4% (2022: 30.9%) on profit before tax of £70.3m (2022: £18.1m). 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. As a consequence of the UK corporation tax rate increasing to 25% from 1 April 2023, the 23.5% rate for financial year 2023 comprises three months at 19% and nine months at 25%. The effective tax rate is 0.1% lower (2022: 11.9% higher) than the blended 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 24.4% (2022: 21.5%) (see Note 36).

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

	2023 £m	2023 %	2022 £m	2022 %
Profit before tax:	**70.3**	**100.0**	18.1	100.0
Tax charge at the UK corporation tax rate of 23.5% (2022: 19%)	**16.5**	**23.5**	3.4	19.0
Net non-deductible expenses/(non-taxable income)	**(1.5)**	**(2.1)**	(1.2)	(6.9)
Non-deductible impairment of investment	**–**	**–**	1.8	10.2
Prior period adjustment	**1.0**	**1.4**	(0.3)	(1.7)
Tax effect of losses carried forward not recognised	**1.0**	**1.4**	1.0	5.5
Unprovided deferred tax assets now recognised	**(0.4)**	**(0.5)**	–	–
Overseas taxes at different rates	**0.3**	**0.4**	0.4	2.2
Deferred tax rate differential	**0.2**	**0.3**	0.5	2.6
Exceptional non-taxable income	**(0.7)**	**(1.0)**	–	–
Tax charge and effective tax rate for the period	**16.4**	**23.4**	5.6	30.9

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	2023	2022
Tax relating to components of other comprehensive income/(expense):		
Deferred tax:		
Remeasurements on defined benefit pension scheme actuarial (loss)/gain	**(0.7)**	(5.0)
Deferred tax rate change on defined benefit pension scheme actuarial (loss)/gain	**–**	(1.6)
Cash flow hedges and cost of hedging	**(2.8)**	3.1
Deferred tax on share schemes	**0.8**	0.2
	(2.7)	(3.3)
Tax relating to components of other comprehensive income/(expense):	**(3.5)**	(3.5)
Tax relating to share-based payments recognised directly in equity:	**0.8**	0.2
	(2.7)	(3.3)

11. Tax continued

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 is a complex area with a range of possible outcomes and judgement has been used in calculating the provision. For these reasons it cannot be known with certainty whether additional amounts of UK tax will be due, however, we consider it is unlikely that there will be material amounts due over and above the provisions currently held.

In addition, at the end of 2023, the Group holds a tax provision of £1.0m (2022: £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. The rules are complex and the Group will continue to evaluate the impact of Pillar Two on the Group tax charge, taking into account data after 2022 and any changes in underlying facts and circumstances.

12. 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:

Earnings £m	2023	2022
Profit for the period	**53.9**	12.5

Number of shares '000	2023	2022
Weighted average number of Ordinary shares	**576,129**	577,576
Effect of potentially dilutive Ordinary shares	**12,576**	9,767
Weighted average number of Ordinary shares including dilution	**588,705**	587,343

	2023	2022
Basic earnings per share	**9.4p**	2.2p
Diluted earnings per share	**9.2p**	2.1p

The Group calculates adjusted basic earnings per Ordinary share and details of this can be found in Note 36.

13. Goodwill

£m	
Cost	
At 26 December 2021	703.1
Exchange differences	5.5
At 31 December 2022	708.6
Exchange differences	(4.0)
At 30 December 2023	**704.6**
Accumulated impairment losses	
At 26 December 2021	(53.0)
Exchange differences	(0.5)
At 31 December 2022	(53.5)
Exchange differences	1.4
At 30 December 2023	**(52.1)**
Carrying amount	
At 30 December 2023	**652.5**
At 31 December 2022	655.1

Goodwill acquired in a business combination is allocated, at acquisition, to the CGU or groups of CGUs that are expected to benefit from that business combination. The carrying value of goodwill has been allocated to CGU groupings as follows:

£m	**30 December 2023**	31 December 2022
UK	**603.8**	603.8
US	**48.7**	51.3
China	**–**	–
	652.5	655.1

The recoverable amounts of the CGUs or groups of CGUs are determined based on value-in-use calculations. There was no impairment recognised during the period (2022: £nil).

The Group is committed to achieving Net Zero carbon emissions across our Group operations by 2040. For the current year impairment review, management has also included an estimate of the future costs and capital expenditure required to meet this commitment in its value-in-use calculations and sensitivity analyses.

The key assumptions used in the impairment reviews for the CGUs that held goodwill at 30 December 2023 and 31 December 2022 were as follows:

- Budget growth rates: The revenue growth rates are based on management growth forecasts based on industry experience. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group has prepared cash flow forecasts derived from the most recent financial budget approved by management for the next three years (2022: three years), as determined by the business units, which take account of the current risks faced by the business including cost inflation and associated price recovery leading to a potential impact on consumer demand. EBITDA margin increases are a key assumption for the US CGU and assume a return to FY21 margin levels within the three-year forecast period. The Group defines operating cash flows for the value in use calculations as adjusted EBITDA, after deducting maintenance capital expenditure for the relevant CGUs.
- Long-term growth rates: For periods beyond the three-year budget, the cash flows are then extrapolated using a perpetuity growth rate of 2.0% (2022: 2.0%) for the UK and 2.1% for the US (2022: 2.0%). The terminal value includes an estimate of carbon costs from 2032.
- Discount rates: Management uses pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The present value of the future cash flows is calculated using a pre-tax discount rate of 9.3% (2022: 9.3%) for the UK and 9.2% for the US (2022: 9.8%).

The headroom for CGU based on the impairment review as at 30 December 2023 is as follows:

£m	UK	US
Headroom of impairment test based on management assumptions	385.6	149.8

13. Goodwill continued

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. The assumptions used, and the impact of sensitivities on these assumptions, for the US CGU, which has lower levels of headroom, is set out below, none of which indicate an impairment is likely:

- The US operating cash flows are primarily driven by adjusted EBITDA. This could be negatively impacted by loss of revenue or from lower operating margins. If operating cash flows were 39% lower and no mitigating actions were taken, this would result in no headroom.
- The perpetuity growth rate included in the US CGU future cash flows is 2.1%. If the perpetuity growth rate was to decrease by 720 bps to (5.1)%, this would result in no headroom.
- The pre-tax discount rate for the US CGU is 9.2%, an increase to the pre-tax discount rate by 800 bps to 17.2% would result in no headroom.

14. Other intangible assets

£m	Note	Customer relationships	Software	Total
Cost				
At 26 December 2021		88.9	–	88.9
Reclassified from property, plant and equipment	15	–	13.5	13.5
Additions		–	2.9	2.9
Exchange differences		0.7	–	0.7
At 31 December 2022		89.6	16.4	106.0
Reclassified from property, plant and equipment	15	–	2.2	2.2
Additions		–	3.4	3.4
Exchange differences		(0.4)	–	(0.4)
At 30 December 2023		**89.2**	**22.0**	**111.2**
Accumulated amortisation and impairment				
At 26 December 2021		(87.2)	–	(87.2)
Reclassified from property, plant and equipment	15	–	(8.7)	(8.7)
Charge for the period		(0.6)	(0.1)	(0.7)
Impairment charge	7	(0.2)	–	(0.2)
Exchange differences		(0.4)	–	(0.4)
At 31 December 2022		(88.4)	(8.8)	(97.2)
Charge for the period		(0.9)	(2.1)	(3.0)
Reclassified from property, plant and equipment	15	–	(0.8)	(0.8)
Exchange differences		0.3	–	0.3
At 30 December 2023		**(89.0)**	**(11.7)**	**(100.7)**
Carrying amount				
At 30 December 2023		**0.2**	**10.3**	**10.5**
At 31 December 2022		1.2	7.6	8.8

15. Property, plant and equipment

£m	Note	Land and buildings	Plant and machinery	Fixtures and equipment	Total
Cost					
At 26 December 2021		356.6	663.0	123.3	1,142.9
Additions		30.8	37.8	18.3	86.9
Disposals		(3.2)	(3.3)	(16.1)	(22.6)
Reclassified to intangible assets	14	–	(0.8)	(12.7)	(13.5)
Exchange differences		6.6	6.5	0.9	14.0
At 31 December 2022		390.8	703.2	113.7	1,207.7
Additions		11.0	31.1	5.1	47.2
Disposals		(5.5)	(17.3)	(1.8)	(24.6)
Reclassified to intangible assets	14	–	(1.9)	(0.3)	(2.2)
Exchange differences		(7.3)	(6.2)	(1.1)	(14.6)
At 30 December 2023		**389.0**	**708.9**	**115.6**	**1,213.5**
Accumulated depreciation and impairment					
At 26 December 2021		(130.4)	(393.7)	(73.6)	(597.7)
Charge for the period		(21.0)	(34.6)	(12.7)	(68.3)
Impairment		(4.6)	(11.6)	(3.1)	(19.3)
Disposals		3.2	3.3	16.1	22.6
Reclassified to intangible assets	14	–	0.4	8.3	8.7
Exchange differences		(2.6)	(2.4)	(0.6)	(5.6)
At 31 December 2022		(155.4)	(438.6)	(65.6)	(659.6)
Charge for the period		(20.9)	(35.5)	(12.3)	(68.7)
Impairment		–	(2.9)	–	(2.9)
Disposals		0.6	16.7	1.8	19.1
Reclassified to intangible assets	14	–	0.6	0.2	0.8
Exchange differences		2.5	2.5	0.7	5.7
At 30 December 2023		**(173.2)**	**(457.2)**	**(75.2)**	**(705.6)**
Carrying amount					
At 30 December 2023		**215.8**	**251.7**	**40.4**	**507.9**
At 31 December 2022		235.4	264.6	48.1	548.1

Included within land and buildings is freehold land held at historic cost of £11.5m (2022: £11.5m). Freehold land is not depreciated.

The carrying value of the Group's plant and machinery includes an amount of £0.1m (2022: £0.5m) in respect of assets held under leases previously recognised as finance leases before the introduction of IFRS 16.

The carrying value of the Group's land and buildings and plant and machinery includes an amount of £79.5m (2022: £86.7m) in respect of assets held under IFRS 16 Leases. Further details of these leases are disclosed in Note 24.

The carrying value of the Group's plant and machinery includes an amount of £35.9m (2022: £28.1m) in respect of assets held as security under Asset Finance Facilities. Further details of these facilities are disclosed in Note 21. At 30 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £4.2m (2022: £8.6m).

Assets are not depreciated until they are brought into use. At 30 December 2023 a total of £31.7m (2022: £41.8m) of other assets were in progress and had not been brought into use.

During 2022, the Group completed a review of software assets included within Property, plant and equipment and determined that assets with a net book value of £4.8m should be reclassified to Other intangible assets. In 2023 we have reclassified further assets to intangible assets from fixtures and equipment with a total net book value of £1.4m.

During 2022, the Group impaired £4.6m of land and buildings including right-of-use assets of £0.3m, £11.6m of plant and machinery including right-of-use assets of £0.3m and £3.1m of fixtures and equipment. These impairment charges arose from sites that closed by the end of March 2023. This resulted in redundant, non-moveable, specialist assets which were assessed as having £nil value in use and are not saleable due to their specialist nature. The impairments were determined by comparing the carrying values of the assets with their recoverable amount, being the higher of the asset's fair value less costs of disposal and its value in use.

The impairments charged in the year of £2.9m wholly relate to plant and equipment, and relate to a reversal of a £0.6m impairment recognised in the UK sector in 2022 and an impairment charge of £3.5m in the US sector relating to 2023. These were included within Other administrative costs as exceptional items (Note 7).

16. Subsidiaries

The Group consists of a Parent Company, Bakkavor Group plc, incorporated in the UK, and a number of subsidiaries held directly and indirectly by Bakkavor Group plc. Note 5 to the Company's separate Financial Statements provides details of the interests in subsidiaries.

17. Interests in associates and other investments

£m	30 December 2023	31 December 2022
Name of associate		
La Rose Noire Limited	–	2.8
Patisserie et Chocolat Limited	–	0.8
Total associates	–	3.6
Other investments	**0.1**	0.1
Total associates and other investments	**0.1**	3.7

Details of the associated undertakings of the Group at 30 December 2023 and 31 December 2022 were as follows:

			Proportion of Ordinary shares		
	Place of registration and operation	Principal activity	30 December 2023	31 December 2022	Method of accounting
Name of associate					
La Rose Noire Limited	Hong Kong	Producer of bakery and pastry products	–	45%	Equity
Patisserie et Chocolat Limited	Hong Kong	Producer of bakery and pastry products	–	45%	Equity

On 8 May 2023, the Group disposed of its 45% interest in the two associate companies, La Rose Noire Limited and Patisserie et Chocolat Limited. The net consideration received was £4.6m and the carrying amount of the investments before the sale was £3.2m, resulting in a £1.4m profit on disposal. The associates paid a dividend of £1.6m to the Group in the period prior to the disposal of these investments.

18. Inventories

£m	30 December 2023	31 December 2022
Raw materials and packaging	**60.1**	73.0
Work-in-progress	**2.6**	3.0
Finished goods	**8.6**	10.2
	71.3	86.2

There is no material difference between the book value and replacement cost of inventories.

19. Trade and other receivables

£m	30 December 2023	31 December 2022
Amounts receivable from trade customers	**142.6**	130.4
Expected credit loss	**(1.3)**	(3.6)
Net amounts receivable from trade customers	**141.3**	126.8
Other receivables	**17.0**	23.2
Prepayments	**13.4**	11.0
	171.7	161.0

During the period, the Group has continued to operate trade receivable factoring arrangements. These are non-recourse arrangements and therefore amounts are de-recognised from trade receivables. At 30 December 2023, £145.2m was drawn under factoring facilities (2022: £138.0m) representing cash collected before it was contractually due from the customer.

As at 30 December 2023, the Group's Amounts receivable from trade customers includes £72.8m (2022: £62.0m), which could be factored under the non-recourse trade receivable factoring arrangement.

The average credit period taken on sales of goods is 23 days (2022: 22 days). An expected credit loss allowance has been made for estimated irrecoverable amounts from the sale of goods of £1.3m (2022: £3.6m). Expected credit loss allowances against receivables are made on a specific basis based on objective evidence and previous default experience as well as with reference to assumptions about the risk of default and expected future loss rates. Receivables are therefore deemed past due but not impaired when the contractual obligation to pay has been exceeded, but as yet no objective evidence or previous default experience indicates this debt will be irrecoverable, while assumptions about the risk of default remain unchanged.

The Directors consider that the carrying amount of trade and other receivables from customers approximates to their fair value due to their short-term nature.

The Other receivables amount mainly relates to non-specific amounts, the largest of which is recoverable VAT.

The following table is an ageing analysis of net trade receivables from customers:

£m	30 December 2023	31 December 2022
Not past due	**133.8**	120.4
Past due by 1 – 30 days	**6.2**	5.2
Past due by 31 – 60 days	**0.9**	0.9
Past due by 61 – 90 days	**0.4**	0.3
Past due by more than 90 days	**–**	–
	141.3	126.8

There was no impact from trade receivables renegotiated in 2023 that would have otherwise been past due or impaired (2022: no impact).

The four major customers of the Group, representing 73.9% (2022: 73.2%) of the Group's revenue from continuing operations, hold favourable credit ratings. On this basis, the Group does not see any need to charge interest or seek collateral or credit enhancements to secure any of its trade receivables due to their short-term nature. The Group does not consider that it is exposed to any significant credit risk other than that provided against and therefore the carrying amount of trade receivables represents the expected recoverable amount and there is no further credit risk exposure.

The following table is an analysis of the movement of the expected credit loss for the Group's trade receivables:

£m	2023	2022
Balance at beginning of the period	**(3.6)**	(2.8)
Allowances recognised against receivables	**(1.7)**	(2.1)
Amounts written off as uncollectible during the period	**2.8**	0.2
Amounts recovered during the period	**0.7**	0.6
Allowance reversed	**0.5**	0.5
Balance at end of the period	**(1.3)**	(3.6)

20. Cash and cash equivalents

£m	30 December 2023	31 December 2022
Cash and cash equivalents	**36.6**	40.2

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The carrying amount of these assets approximates their fair value.

21. Borrowings

The interest rates and currency profile of the Group's borrowings at 30 December 2023 were as follows:

	Currency	Facility amount £m	Amount drawn down at year end £m	Interest rate	Maturity date
Term Loan	GBP	225.0	225.0	SONIA[2] plus a margin of 2.10%	Mar 2026[1]
Revolving Credit Facility ("RCF")	GBP	230.0	–	SONIA[2] plus a margin of 2.10%	Mar 2026[1]
Asset Finance Facility	GBP	16.9	16.9	Fixed interest rate	Aug 2027
Asset Finance Facility	GBP	17.9	17.9	Fixed interest rate	Aug 2028
Asset Finance Facility	USD	2.8	2.8	SOFR[3] plus 2.12%	Feb 2024
Total		**492.6**	**262.6**[4]		

1 £12.4m of the term loan and £12.6m of the RCF mature in March 2024.

2 The interest rate for these facilities includes a Credit Spread Adjustment following the transition from LIBOR to SONIA in September 2021.

3 SOFR stands for Secured Overnight Financing Rate.

4 £262.6m represents the committed facilities of the Group. The Group's consolidated statement of financial position discloses £265.4m which includes local overdraft facilities, unamortised fees and interest accrued.

21. Borrowings continued

On 18 March 2020, the Group completed a refinancing of its core debt facilities through a new term loan and Revolving Credit Facility totalling £455.0m. The refinancing resulted in the addition of new lenders to the Group. The new facilities were due to mature in March 2024, with an option to extend the tenure by a further two years subject to lender approval. £430m of these facilities were extended in March 2021 and further extended in March 2022 to mature in March 2026.

The Group's total banking facilities amount to £455.0 m (2022: £455.0m) comprising:

1. £225.0m in term loans (2022: £225.0m term loan), with £12.4m maturing in March 2024 and £212.6m in March 2026; and
2. £230.0m Revolving Credit Facilities ("RCF") (2022: £230.0m RCF), which includes an overdraft and money market facility of £20.0m (2022: £20.0m) and further ancillary facilities of £13.3m (2022: £13.3m). For the RCF, £12.6m matures in March 2024 and £217.4m in March 2026. 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 three separate facilities which are secured against specific items of plant and machinery as follows:

a. £25.0m facility, which could be drawn against up to August 2020, of which the Group initially drew down £24.9m with £16.9m outstanding at the end of 2023. 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 at 30 December 2023 was 2.41% (2022: 2.41%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.
b. £13.1m drawn down during 2021 and £9.9m during 2023 under separate asset financing facilities with £17.9m outstanding at the end of 2023. 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 30 December 2023 is 4.61% (2022: 3.20%). The interest rate is fixed at the prevailing rate on commencement of the loan tranche.
c. Bakkavor Foods USA Inc entered into an asset financing facility during 2022 of up to $5.0m (£4.1m) of funding, based on approved funding requests. As at 30 December 2023, £2.8m funding had been approved and drawn (2022: £1.7m) and the interest rate for this was a variable rate of SOFR plus 2.12% (2022: 2.12%).

In September 2021 the Group transitioned from LIBOR to SONIA which impacted £455.0m of the total debt facilities.

In addition, the Group has access to £10.7m (2022: £8.9m) 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 $8m for the US local overdraft facility and RMB 40m for the China local overdraft facility.

£m	30 December 2023	31 December 2022
Bank overdrafts	**3.4**	8.2
Bank loans	**262.0**	314.1
	265.4	322.3
Borrowings repayable as follows:		
On demand or within one year	**25.4**	13.1
In the second year	**5.7**	16.1
In the third to fifth years inclusive	**234.3**	292.4
Over five years	**–**	0.7
	265.4	322.3
Analysed as:		
Amount due for settlement within 12 months (shown within current liabilities)	**25.4**	13.1
Amount due for settlement after 12 months	**240.0**	309.2
	265.4	322.3

	2023 %	2022 %
The weighted average interest rates paid excluding interest swap benefits were as follows:		
Bank loans and overdrafts	**6.38**	3.50

Apart from the Asset Finance Facility, 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 as set out in Note 27.

The fair value of the Group's borrowings is as follows:

£m	30 December 2023	31 December 2022
Fair value of the Group's borrowings	**266.1**	324.5

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

£m	30 December 2023	31 December 2022
Analysis of net debt		
Cash and cash equivalents	**36.6**	40.2
Borrowings	**(25.5)**	(14.1)
Interest accrual	**(0.5)**	(0.4)
Unamortised fees	**0.6**	1.4
Lease liabilities	**(11.6)**	(11.3)
Debt due within one year	**(37.0)**	(24.4)
Borrowings	**(240.5)**	(310.4)
Unamortised fees	**0.5**	1.2
Lease liabilities	**(78.9)**	(85.9)
Debt due after one year	**(318.9)**	(395.1)
Group net debt	**(319.3)**	(379.3)

22. Derivative financial instruments

£m	30 December 2023	31 December 2022
Foreign currency contracts – designated in a hedging relationship	**0.1**	1.5
Interest rate contracts – designated in a hedging relationship	**0.8**	8.4
Included in non-current assets	**0.9**	9.9
Foreign currency contracts – designated in a hedging relationship	**0.3**	2.6
Interest rate contracts – designated in a hedging relationship	**1.8**	0.1
Included in current assets	**2.1**	2.7
Foreign currency contracts – designated in a hedging relationship	**(0.5)**	(0.2)
Interest rate contracts – designated in a hedging relationship	**–**	(0.1)
Included in current liabilities	**(0.5)**	(0.3)
Foreign currency contracts – designated in a hedging relationship	**(0.1)**	–
Interest rate contracts – designated in a hedging relationship	**(0.7)**	–
Included in non-current liabilities	**(0.8)**	–
Total	**1.7**	12.3

Derivative financial instruments are subject to enforceable master netting agreements. However, they are not set off on the balance sheet. Under the terms of these arrangements, only where certain credit events occur (such as default) will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated.

Further details of derivative financial instruments are provided in Note 27.

23. 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 26 December 2021	(39.8)	0.2	0.7	(8.6)	26.1	(9.3)	(30.7)
(Charge)/credit to income	(6.3)	(0.2)	0.2	0.5	3.4	(0.9)	(3.3)
Credit to income on exceptional items	4.7	–	–	–	1.0	–	5.7
Exchange differences	(0.9)	–	–	–	3.1	–	2.2
(Charge)/credit to equity and other comprehensive income	–	(3.1)	–	6.4	–	–	3.3
At 31 December 2022	(42.3)	(3.1)	0.9	(1.7)	33.6	(10.2)	(22.8)
(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)**

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

23. Deferred tax continued

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	30 December 2023	31 December 2022
Deferred tax assets	**14.7**	12.9
Deferred tax liabilities	**(38.4)**	(35.7)
	(23.7)	(22.8)

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

Included in the above are deferred tax assets of £33.6m (2022: £32.8m) 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	30 December 2023	31 December 2022
Capital losses	**5.0**	5.0
Trading losses	**19.3**	21.2
	24.3	26.2

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 £17.8m (2022: £20.3m) 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.

24. Lease liabilities

The Group leases assets including land and buildings and plant and machinery that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT RELATING TO LEASES

The Group has split the net book value of property, plant and equipment relating to leases between amounts previously recognised as finance leases under IAS 17 and amounts recognised as right-of-use assets under IFRS 16. This allows management to review performance excluding IFRS 16, as set out in Note 36, Alternative Performance Measures.

£m	30 December 2023	31 December 2022
Net book value of leased property, plant and equipment excluding right-of-use assets	**0.2**	0.5
Net book value of right-of-use assets	**79.5**	86.7
	79.7	87.2

NET BOOK VALUE OF RIGHT-OF-USE ASSETS

£m	Land and buildings	Plant and machinery	Total
At 26 December 2021	70.3	2.9	73.2
Additions	25.2	0.3	25.5
Depreciation charge	(10.9)	(1.2)	(12.1)
Impairment for the period	(0.3)	(0.3)	(0.6)
Exchange differences	0.7	–	0.7
At 31 December 2022	85.0	1.7	86.7
Additions	10.6	0.4	11.0
Disposals	(4.8)	–	(4.8)
Depreciation charge	(11.2)	(0.9)	(12.1)
Exchange differences	(1.3)	–	(1.3)
At 30 December 2023	**78.3**	**1.2**	**79.5**

LEASE LIABILITIES

	Present value of minimum lease payments	
£m	**30 December 2023**	31 December 2022
Amounts payable under leases:		
Within one year	**11.6**	11.3
In the second to fifth years inclusive	**32.1**	36.6
Over five years	**46.8**	49.3
Present value of lease obligations	**90.5**	97.2
Analysed as:		
Amount due for settlement within 12 months	**11.6**	11.3
Amount due for settlement after 12 months	**78.9**	85.9
	90.5	97.2

The Group has split the lease liabilities between liabilities previously recognised as finance leases under IAS 17 and liabilities recognised under IFRS 16. This allows management to review both the Group net debt, as set out in Note 21, Borrowings, and the Group operational net debt as set out in Note 36, Alternative Performance Measures.

£m	**30 December 2023**	31 December 2022
Lease liabilities relating to leases previously recognised under IAS 17	**0.2**	0.6
Lease liabilities relating to leases recognised under IFRS 16	**90.3**	96.6
	90.5	97.2

The weighted average lease term outstanding is 13.0 years (2022: 14.5 years). For 2023, the weighted average incremental borrowing rate was 3.2% (2022: 3.2%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's lease obligations are secured by the lessors' rights over the leased assets.

The Group utilises the exemption from capitalising short-term and low-value leases where the relevant criteria are met. The expenses relating to these lease types are disclosed below.

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

£m	**2023**	2022
Interest on lease liabilities	**3.0**	3.1
Expenses relating to low-value leases	**3.3**	3.3
Expenses relating to short-term leases	**1.6**	1.4
	7.9	7.8

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

£m	**2023**	2022
Cash outflow for lease principal payments	**12.3**	14.0
Cash outflow for lease interest payments	**3.0**	3.1
Total cash outflow for leases	**15.3**	17.1

25. Trade and other payables

£m	30 December 2023	31 December 2022
Trade payables	**262.4**	287.5
Other taxation	**2.2**	2.1
Other payables	**26.7**	26.8
Accruals and deferred income	**156.3**	113.6
Trade and other payables due within one year	**447.6**	430.0

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 64 days (2022: 63 days). No interest is incurred against trade payables.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

During 2019, the Group set up an arrangement to provide financing for the Group's suppliers. This is a voluntary programme that potentially gives suppliers earlier access to cash. At 30 December 2023, trade payables amounting to £42.7m (2022: £45.1m) were subject to these arrangements. These balances are classified as trade payables, and the related payments as cash flows from operating activities, since the original obligation to the supplier remains and has not been replaced with a new obligation to the bank.

Other payables include the Group's liabilities in respect of payroll taxes.

26. Provisions

£m	Onerous contracts	Dilapidation provisions	Legal and other provisions	Restructuring provisions	Total
At 26 December 2021	1.8	16.6	3.9	0.5	22.8
Transferred between classifications	0.5	–	–	(0.5)	–
Utilisation of provision	(0.3)	–	(0.1)	(1.8)	(2.2)
Additional provision in the year	–	2.1	–	16.6	18.7
Release of provision	(0.5)	(0.1)	(2.6)	–	(3.2)
Unwinding of discount	0.2	0.6	–	–	0.8
Exchange differences	–	0.1	–	–	0.1
At 31 December 2022	1.7	19.3	1.2	14.8	37.0
Included in current liabilities	0.4	5.6	1.2	14.8	22.0
Included in non-current liabilities	1.3	13.7	–	–	15.0
At 1 January 2023	1.7	19.3	1.2	14.8	37.0
Utilisation of provision	–	–	–	(9.7)	(9.7)
Additional provision in the year	–	0.4	1.0	–	1.4
Release of provision	–	(0.3)	(1.0)	(2.2)	(3.5)
Unwinding of discount	0.2	0.7	–	–	0.9
Exchange differences	–	–	–	–	–
At 30 December 2023	**1.9**	**20.1**	**1.2**	**2.9**	**26.1**
Included in current liabilities	**0.4**	**5.9**	**1.2**	**2.9**	**10.4**
Included in non-current liabilities	**1.5**	**14.2**	**–**	**–**	**15.7**

Onerous contracts provisions relate to the Group's leased vacant properties. The onerous contract provision has been calculated as the discounted total expected costs for occupying the properties (including service charges but excluding lease rentals and rates) through to the break clause. The provisions will be utilised over the term of the individual leases to which they relate. These leases expire within 16 years. During the prior year, two of the Group's leased properties relating to the previously closed non-core UK fast-casual restaurant business were fully surrendered, and therefore no liability remains for these leases.

Dilapidation provisions relate to estimated obligations under various property leases to ensure that, at the end of the leases, the buildings are in the condition agreed with the landlords. The provisions will be utilised at the end of the individual lease terms to which they relate, which range from 1 to 27 years.

The legal and other provisions, which are expected to be settled within 12 months, are assessed by utilising Group experience, legal and professional advice and other commercial factors to reasonably estimate present obligations across the Group. These obligations are varied and depend on future events which are by their nature uncertain. The Group has taken this uncertainty into account and considers the provision to be reasonable in the circumstances.

During the prior year, a restructuring provision was recognised for the closure of two of our UK sites and the costs of a corporate restructuring. At 30 December 2023, £2.9m of these provisions remain and they are expected to be fully utilised during 2024.

27. Financial instruments

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of borrowings, as disclosed in Note 21, and cash equivalents and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its capital by collating timely and reliable information to produce various internal reports such as capital expenditure and weekly net debt reports, which enable the Board of Directors to assess the Group's capital and manage that capital effectively and in line with the Group's objectives. The gearing of the Group is constantly monitored and managed to ensure that the ratio between debt and equity is at an acceptable level of less than 50%. This enables the Group to operate as a going concern and maximise stakeholders' returns.

GEARING RATIO

The gearing ratio at the period end was as follows:

£m	30 December 2023	31 December 2022
Debt (excluding IFRS 16 lease liabilities)	**265.6**	322.9
Cash and cash equivalents	**(36.6)**	(40.2)
Net debt	**229.0**	282.7
Equity	**607.6**	617.8
Net debt to net debt plus equity	**27.4%**	31.4%

Debt is defined as long- and short-term borrowings, as disclosed in Note 21, and lease liabilities payable in Note 24 (excluding IFRS 16 lease liabilities of £90.3m at 30 December 2023 (£96.6m at 31 December 2022)).

CATEGORIES OF FINANCIAL INSTRUMENTS

£m	30 December 2023	Restated 31 December 2022[1]
Financial assets		
Fair value through profit and loss:		
Trade receivables	**72.8**	62.0
Derivative financial instruments	**3.0**	12.6
Measured at amortised cost:		
Trade receivables	**68.5**	64.8
Other receivables	**5.4**	9.9
Cash and cash equivalents	**36.6**	40.2
	186.3	189.5

1 The other receivables in the prior period has been restated to strip out the VAT receivable of £13.3m.

£m	30 December 2023	Restated 31 December 2022[1]
Financial liabilities		
Fair value through profit and loss:		
Derivative financial instruments	**1.3**	0.3
Other financial liabilities at amortised cost:		
Trade payables	**262.4**	287.5
Other payables	**15.0**	12.6
Accruals	**155.3**	112.3
Borrowings	**265.4**	322.3
Lease liabilities	**90.5**	97.2
	789.9	832.2

1 The other payables in the prior period has been restated to strip out the payroll taxes of £14.2m.

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

27. Financial instruments continued

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

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

FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise and mitigate against these risks where possible, and does this by constantly monitoring and using a range of measures including derivative financial instruments. Use of financial instruments is governed by Group policies which are approved by the Board. The treasury function does not operate as a profit centre, makes no speculative transactions and only enters into or trades financial instruments to manage specific exposures.

MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate the risk of rising interest rates; and
- Forward foreign exchange contracts to hedge the exchange rate risk arising on purchases in foreign currencies.

Market risk exposures are supplemented by sensitivity analysis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk management occurs at a transactional level on purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. All transactional risks, cash flow forecasts and related hedges are reviewed by the Group Hedging Committee and Group Treasury, at least quarterly, to monitor foreign exchange rates and confirm the appropriateness of the Group's hedged cover.

The Group's main foreign exchange risk is to the Euro and US dollar.

During the 52-week period to 30 December 2023, the Euro weakened against Sterling by 2.0% (2022: 53-week period strengthened by 4.7%), with the closing rate at €1.1518 compared with €1.1293 at the prior period end. The average rate for the 52-week period to 30 December 2023 was €1.1503 (2022: 53-week period at €1.1727), a 1.9% strengthening (2022: 0.9% weakening) of the Euro versus the prior period.

In the same period, the US dollar weakened against Sterling by 5.5% (2022: strengthened by 9.9%), with the closing rate at $1.2739 compared with $1.2077 at the prior period end. The average rate for the 52-week period to 30 December 2023 was $1.2441 (2022: $1.2375), a 0.5% weakening (2022: 10.0% strengthening) of the US dollar versus the prior period.

The net foreign exchange impact on profit from transactions was £nil (2022: gain of £1.2m).

FOREIGN CURRENCY SENSITIVITY ANALYSIS

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/equity where Sterling strengthens 10% against the relevant currency.

	Profit or (loss) 10% strengthening in currency		Profit or (loss) 10% weakening in currency	
£m	**2023**	2022	**2023**	2022
Euro	**2.6**	3.1	**(3.1)**	(3.8)
USD	**2.9**	3.9	**(3.6)**	(4.8)
HKD	**(0.2)**	(0.3)	**0.2**	0.4
RMB	**(0.8)**	(0.5)	**1.0**	0.7

FOREIGN EXCHANGE CONTRACTS

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign exchange contracts to manage the risk and cash flow exposures associated with anticipated purchase transactions.

The Group has applied hedge accounting to its forward contracts that were put in place on or after 27 December 2020. The transactions and forward contracts are designated with a hedge ratio of 1:1. The fair value of forward contracts at the reporting date is determined by the difference between foreign currency spot rate and strike rate of the contract, discounted to present value. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of contract counterparties.

There were no Sterling foreign currency contracts outstanding as at 30 December 2023, which were entered into on or before 26 December 2020, for which hedge accounting was not applied.

The following table details Sterling foreign currency contracts outstanding as at 30 December 2023, which were entered into on or after 27 December 2020, for which hedge accounting is applied:

	Foreign currency (m)		Average exchange rate		Contract value (£m)		Fair value movement (£m)	
Outstanding contracts	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net Euros:								
3 months or less	**33.5**	37.5	**1.14**	1.08	**29.2**	32.0	**(0.1)**	1.3
3 to 6 months	**37.4**	38.5	**1.14**	1.06	**32.7**	33.2	**(0.1)**	1.1
6 to 12 months	**43.3**	37.8	**1.14**	1.05	**37.9**	32.8	**0.1**	1.1
Over 12 months	**5.0**	19.8	**1.15**	1.14	**4.4**	17.3	**–**	0.5
Net US dollars:								
3 months or less	**6.2**	4.4	**1.25**	1.23	**5.0**	3.5	**(0.1)**	0.1
3 to 6 months	**4.3**	3.3	**1.27**	1.21	**3.4**	2.8	**–**	–
6 to 12 months	**4.4**	6.0	**1.26**	1.21	**3.5**	5.0	**(0.1)**	(0.1)
Over 12 months	**0.4**	0.8	**1.28**	1.22	**0.3**	0.7	**–**	–
					116.4	127.3	**(0.3)**	4.0

The following tables detail various information regarding forward contracts, for which hedge accounting is applied, outstanding at the end of the reporting period and their related hedged items.

	Average contracted exchange rate		Contract value		Carrying amount of the hedging instrument assets/(liabilities)		Change in fair value used for calculating hedge ineffectiveness	
Hedging instruments	**2023**	2022	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Forward contracts – EURO	**1.14**	1.08	**104.2**	115.3	**(0.1)**	4.0	**(4.1)**	5.1
Forward contracts – USD	**1.26**	1.21	**12.2**	12.0	**(0.1)**	–	**(0.1)**	(0.1)

	Nominal amount of the hedge item (liabilities)		Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	
Hedging items	**2023 Foreign currency m**	2022 Foreign currency m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Foreign currency purchases – EURO	**119.2**	133.6	**0.1**	(4.0)	**(0.1)**	4.0	**–**	–
Foreign currency purchases – USD	**15.3**	14.5	**0.1**	–	**(0.1)**	–	**–**	–

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve:

	Current period hedging losses recognised in OCI		Amount of hedge ineffectiveness recognised in profit or loss		Line item in the income statement in which hedge ineffectiveness is included	Due to hedged future cash flows being no longer expected to occur		Line item in which adjustment is included
Hedged items	**2023 £m**	2022 £m	**2023 £m**	2022 £m		**2023 £m**	2022 £m	
Foreign currency purchases	**(4.2)**	5.0	**–**	–	Other gains and losses	**–**	–	Inventory

INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of derivative financial instruments such as interest rate swaps and caps to minimise the risk associated with variable interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Use of interest rate derivatives is governed by Group policies which are approved by the Board.

27. Financial instruments continued

INTEREST RATE SENSITIVITY ANALYSIS

Interest rate sensitivity analysis has been performed on borrowings as set out in Note 21, net of existing interest rate swaps, to illustrate the impact on Group profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

£m	(Loss)/profit 2023	(Loss)/profit 2022
Effects of 100 basis points increase in interest rate	(0.8)	(1.4)
Effects of 100 basis points decrease in interest rate	0.8	1.4

It is assumed that all other variables remain the same when preparing the interest rate sensitivity analysis. In addition, interest rate sensitivity analysis has been performed on amounts owed under the Group's trade receivables factoring arrangement. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

£m	(Loss)/profit 2023	(Loss)/profit 2022
Effects of 100 basis points increase in interest rate	(1.4)	(1.4)
Effects of 100 basis points decrease in interest rate	1.4	1.4

INTEREST RATE SWAP CONTRACTS

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed- and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year. The £150m of the floating debt is designated with quarterly interest payment dates and is offset by an interest rate swap with the same critical terms, with a designated hedge ratio of 1:1. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of swap counterparties.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying interest rates.

The Group transitioned from LIBOR to SONIA in 2021. All of the interest rate swaps amounting to £150.0m were subject to this transition.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

	Average contracted fixed interest rate		Notional principal value		Carrying amount of the hedging instrument assets/(liabilities)		Change in fair value used for calculating hedge ineffectiveness	
Hedging instruments	2023 %	2022 %	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Interest rate swaps maturing 13 March 2024	0.4	0.4	150.0	150.0	1.8	7.4	(5.6)	4.9
Interest rate swaps commencing 13 March 2024	3.7	2.3	130.0	30.0	0.1	1.0	(0.9)	1.0

	Nominal amount of the hedged item (liabilities)		Change in value used for calculating hedge ineffectiveness		Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	
Hedging items	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Variable rate borrowings	(280.0)	(180.0)	(6.5)	(5.9)	1.9	8.4	–	–

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to income statement:

Hedged items	Current period hedging gains/ (losses) recognised in OCI 2023 £m	2022 £m	Amount of hedge ineffectiveness recognised in profit or loss 2023 £m	2022 £m	Line item in the income statement in which hedge ineffectiveness is included	Amount reclassified to income statement due to hedged future cash flows being no longer expected to occur 2023 £m	2022 £m	Line item in income statement in which reclassification adjustment is included
Variable rate borrowings	**(6.5)**	5.9	**–**	–	Other gains and losses	**–**	–	Finance costs

When interest amounts are paid or received on its interest rate swap contracts, the Group recognises the expenses or income in the income statement. During 2023 the net amount received and recognised against expenses in finance costs was £6.8m (2022: £1.4m). After payment or receipt the hedge is revalued and movements are recognised as a movement in the hedging reserve.

CREDIT RISK MANAGEMENT

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the financial assets measured at amortised cost held in the statement of financial position.

The Group's main credit risk is attributable to its trade receivables. The Group's top four customers, all leading UK retailers, represent more than 74% (2022: 73%) of the Group's revenue from continuing operations. These customers have favourable credit ratings and consequently reduce the credit risk for the Group's overall trade receivables.

Processes are in place to manage receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of changes of circumstances for specific customers. The amounts presented in the statement of financial position are net of appropriate allowance for doubtful trade receivables, specific customer risk and assessment of the current economic environment. The carrying amount of financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. Group policy dictates that Group deposits are shared between banks that are counterparties in the Group's committed bank facilities to spread the risk. The Group's current bank facilities comprise a £225.0m term loan (2022: £225.0m) and a £230.0m RCF facility (2022: £230.0m), through a bank syndicate. Coöperatieve Rabobank U.A. is the syndicate agent of this facility and it manages the syndicate and participation with other counterparties.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

£m	30 December 2023	31 December 2022
UK	**126.6**	120.9
US	**14.1**	15.4
China	**17.6**	13.7
	158.3	150.0

The expected credit losses on trade receivables are calculated locally by financial teams. These allowances are based on assumptions about the risk of default (when it is reasonably probable that no future economic benefit will arise from the financial asset) and expected loss rates. The Group uses judgement in making these assumptions with regards to customer credit ratings, credit risk characteristics and the days past due based on the Group's history and existing market conditions. Generally, the expected credit loss becomes 100% of the trade receivable once it is past due by 91 days; as at 30 December 2023 there were £0.9m (2022: £nil) of trade receivables past due by 91 days. This figure has been included in the expected credit loss of £1.3m (2022: £3.6m). The Group will generally write-off any trade receivables relating to customers that are in administration.

COMMODITY RISK MANAGEMENT

The Group acquires substantial quantities of raw materials for its operations. The Group is therefore exposed to commodity price and supply risks for these raw materials. The Group takes action to reduce overall material costs and exposure to price fluctuations by sourcing raw materials from suppliers all over the world, thereby decreasing geographic risk. It also frequently tenders to benchmark market prices. In general, requirements are managed using contracts for periods of between 3-12 months forward. The Group also manages any local currency exposure in line with agreed contracts. As at 30 December 2023, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials of £200m (2022: £145.5m).

27. Financial instruments continued

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk that the Group may not be able to fund the day-to-day running of the Group. The Group manages liquidity risk by monitoring actual and forecast cash flows to ensure that adequate liquidity is available to meet the maturity profiles of financial liabilities. The Group also monitors the drawdown of borrowings against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient funding is available for the Group's day-to-day needs. The Group maintains reasonable headroom of unused committed bank facilities in a range of maturities at least 12 months beyond the period end. As at 30 December 2023, the Group has undrawn borrowing facilities, including cash, available totalling £263.0m (2022: £201.4m). Please see Note 21 for further information regarding the Group's borrowings. The Group also has access to a trade factoring arrangement which provides additional liquidity to the business.

MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table illustrates the Group's undiscounted contractual maturity for its undiscounted financial liabilities when they fall due.

£m	30 December 2023	Restated 31 December 2022[2]
Non-derivatives due within one year:		
Trade payables	**262.4**	287.5
Other payables	**15.0**	12.6
Accruals	**155.3**	112.3
Borrowings[1]	**32.2**	23.2
Lease liabilities	**14.2**	14.2
Total non-derivatives due within one year	**479.1**	449.8
Non-derivatives due in the second to fifth years inclusive:		
Borrowings[1]	**265.3**	349.4
Lease liabilities	**41.4**	44.6
Total non-derivatives due in the second to fifth years	**306.7**	394.0
Non-derivatives due after five years:		
Borrowings[1]	**–**	0.7
Lease liabilities	**60.4**	63.2
Total non-derivatives due after five years	**60.4**	63.9

1 Borrowings' future interest costs have been calculated excluding any benefit from fixed rate interest rate swaps.

2 The other payables in the prior period has been restated to strip out the payroll taxes of £14.2m.

The weighted average interest rates for the Group's borrowings are found in Note 21 and in Note 24 for lease liabilities. The following table illustrates the Group's contractual maturity for derivative financial instrument liabilities when they fall due.

£m	30 December 2023	31 December 2022
Derivative financial liabilities		
Due within one year	**0.5**	0.3
Due in the second to fifth years inclusive	**0.8**	–
Total	**1.3**	0.3

ITEMS OF INCOME, EXPENSE, GAINS OR LOSSES

The following table provides an analysis of the Group's finance costs and income and changes in fair values by category of financial instrument:

£m	2023	2022
Finance costs and income		
On financial liabilities held at amortised cost	**(27.4)**	(21.0)
Finance income	**0.6**	0.2
Changes in fair values recognised in Other gains and (losses)		
On financial liabilities held at fair value through profit and loss	**–**	(0.1)

28. Called up share capital, dividends and reserves

CALLED UP SHARE CAPITAL

£m	30 December 2023	31 December 2022
Issued and fully paid:		
579,425,585 (2022: 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 (refer to Note 31).

The number of Ordinary shares held by the Trust at 30 December 2023 was 4,567,073 (30 December 2022: 2,940,514). This represents 0.79% of total called up share capital at 30 December 2023 (31 December 2022: 0.51%).

Total cash purchases made through the EBT during the year amounted to £2.4m (2022: £3.1m).

£m	Number of shares	£000
Balance at 1 January 2023	2,940,514	3,074
Acquisition of shares by the Trust	2,688,310	2,447
Distribution of shares under share scheme plans	(1,061,751)	(1,149)
Balance at 30 December 2023	**4,567,073**	**4,372**

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

DIVIDENDS

Reporting period ended	Dividend per share	Declared	Date paid	Number of dividend rights waived[1]	Amount paid
30 December 2023					
Interim dividend	**2.91p**	**September 2023**	**13 October 2023**	**3,264,816**	**£16,766,278**
31 December 2022					
Final dividend	4.16p	May 2023	5 June 2023	2,886,522	£23,984,025
Interim dividend	2.77p	September 2022	14 October 2022	2,492,273	£15,981,053
25 December 2021					
Final dividend	3.96p	May 2022	30 May 2022	2,439,135	£22,848,663

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).

28. Called up share capital, dividends and reserves continued

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.

29. Net cash generated from operating activities

£m	2023	2022
Operating profit	**97.1**	37.8
Adjustments for:		
Share of profit of associates after tax	**–**	(0.2)
Depreciation of property, plant and equipment	**68.7**	68.3
Amortisation of intangible assets	**3.0**	0.7
Profit on disposal of property, plant and equipment	**(1.4)**	(0.1)
Profit on disposal of associate	**(1.4)**	–
Impairment of assets	**2.9**	29.2
Share scheme charges	**2.0**	1.3
Net retirement benefits charge less contributions	**(2.1)**	(2.2)
Operating cash flows before movements in operating assets and liabilities	**168.8**	134.8
Decrease/(increase) in inventories	**16.3**	(15.8)
(Increase) in receivables	**(8.1)**	(17.3)
Increase in payables	**18.9**	32.8
(Decrease)/increase in exceptional provisions	**(11.9)**	18.4
(Decrease) in provisions	**(0.1)**	(1.4)
Cash generated by operations	**183.9**	151.5
Income taxes paid	**(11.0)**	(5.1)
Interest paid	**(25.2)**	(19.3)
Net cash generated from operating activities	**147.7**	127.1

ANALYSIS OF CHANGES IN NET DEBT

£m	1 January 2023	Cash flow	Lease additions	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)**

£m	26 December 2021	Cash flow	Lease additions	Exchange movements	Other non-cash movements[1]	31 December 2022
Borrowings	(320.6)	(0.5)	–	(0.2)	(1.0)	**(322.3)**
Lease liabilities	(84.6)	14.0	(25.6)	(1.0)	–	**(97.2)**
Total liabilities from financing activities	(405.2)	13.5	(25.6)	(1.2)	(1.0)	**(419.5)**
Cash and cash equivalents	31.1	8.0	–	1.1	–	**40.2**
Net debt	(374.1)	21.5	(25.6)	(0.1)	(1.0)	**(379.3)**

1 Includes accrued interest at 30 December 2023 of £0.5m (2022: £0.4m) and prepaid bank fees of £1.1m (2022: £2.6m). The net reduction in these balances in the period of £1.6m (2022: net reduction of £1.0m) is shown in the table above as 'Other non-cash movements' in Borrowings.

30. Contingent liabilities and commitments

The Group may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Group regularly reviews all of these claims to determine any possible financial loss to the Group. In addition, there are a number of legal claims or potential claims against the Group; please see Note 26 for further details about legal provisions made.

The Group has the following amounts of letters of credit issued:

£m	2023	2022
Letters of credit	**4.9**	4.4

As at 30 December 2023, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials of £200m (2022: £145.5m).

31. Share-based payments

The Company has a share option scheme for selected employees of the Group. Options granted under the scheme are exercisable at a discount to the estimated price of the Company's shares on the date of grant. Options expire if they remain unexercised after a period of 5 or 10 years from the date of grant dependent on the award year. Options may be forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year were as follows:

	Number of share options		Weighted average exercise price	
	2023	2022	**2023**	2022
Outstanding at the beginning of the period	**18,761,203**	17,713,853	**£0.05**	£0.12
Granted during the period	**6,143,820**	5,723,603	**–**	–
Granted in lieu of dividends during the period	**1,192,085**	23,834	**–**	–
Exercised during the period	**(1,003,194)**	(1,628,144)	**£0.18**	£0.74
Forfeited during the period	**(1,436,608)**	–	**–**	–
Expired and lapsed during the period	**(669,281)**	(3,071,943)	**–**	–
Outstanding at the end of the period	**22,988,025**	18,761,203	**£0.04**	£0.05
Exercisable at the end of the period	**8,648,087**	2,635,939	**£0.05**	£0.21

In addition 340,521 were outstanding at the 30 December 2023 (30 December 2022: 292,837) in respect of options granted to Directors in respect of their Deferred Annual Bonus entitlement.

The average share price on the date options were exercised during the period was £0.90 (2022: £1.12).

The options outstanding at 30 December 2023 had a weighted average exercise price of £0.04 (2022: £0.05), and a weighted average remaining contractual life of 5.4 years (2022: 5.1 years).

Range of exercise prices for the share options:

	Number of share options		Weighted average exercise price	
	30 December 2023	31 December 2022	**30 December 2023**	31 December 2022
£nil	**20,922,569**	16,461,600	**–**	–
£0.01 – £1.00	**2,065,456**	2,299,603	**£0.40**	£0.44
Outstanding at the end of the period	**22,988,025**	18,761,203	**£0.04**	£0.05
Exercisable at the end of the period	**8,648,087**	2,635,939	**£0.05**	£0.21

2023

5,107,894 options were granted on 12 April 2023, 61,576 were granted on 22 May 2023 and 236,316 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 282,276 vest provided the individual is an employee in April 2026.
- Provided that the first condition is met, 50% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 26 companies three years after the date of grant is at the median level. This increases up to 50% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.
- Provided that the first condition is met, 25% of the remaining options vest provided the Group's adjusted EPS for the 2025 financial year is 10.0 pence, with up to a further 50% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 10.0 pence and 11.5 pence for that year.

479,445 options were granted on 12 April 2023 and 258,589 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 159,814 and 86,196 vest provided that the individual is an employee in April 2026 and October 2026 respectively.
- Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for the 2025 financial year is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

2022

4,884,708 options were granted on 13 April 2022 and 81,289 were granted on 13 October 2022. These options granted had the following performance conditions for vesting:

- 128,036 vest provided the individual is an employee in April 2025.
- Provided that the first condition is met, 12.5% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 27 companies three years after the date of grant is at the median level. This increases up to 50% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.

31. Share-based payments continued

- Provided that the first condition is met, 12.5% of the remaining options vest provided the Group's adjusted EPS for the 2024 financial year is 12.0 pence, with up to a further 50% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 12.0 pence and 13.8 pence for that year.

757,606 options were granted on 13 October 2022. These options granted had the following performance conditions for vesting:

- 252,534 vest provided that the individual is an employee in October 2025.
- Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for the 2024 financial year is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

The aggregate of the estimated fair values of outstanding options is £20.1m (2022: £18.3m). The following table summarises the options granted by the Company:

Date of grant	Number of options originally granted	Contractual life remaining (years)	Share price at date of grant	Expected volatility	Expected life remaining (years)	Risk-free rate	Expected dividend yield	Fair value per option
12 April 2023	1,593,844	9.3	£1.01	45.8%	2.28	3.47%	0.00%	£1.01
12 April 2023	1,593,844	9.3	£1.01	45.8%	2.28	3.47%	0.00%	£1.01
12 April 2023	849,753	9.3	£1.01	45.8%	2.28	3.47%	0.00%	£1.01
12 April 2023	849,753	9.3	£1.01	45.8%	2.28	3.47%	0.00%	£1.01
12 April 2023	319,631	9.3	£1.01	45.8%	2.28	3.47%	0.00%	£1.01
12 April 2023	220,700	9.3	£1.01	47.7%	2.28	3.47%	0.00%	£1.01
12 April 2023	159,814	9.3	£1.01	47.7%	2.28	3.47%	0.00%	£1.01
22 May 2023	61,576	9.3	£1.01	47.7%	2.28	3.47%	0.00%	£1.01
12 October 2023	118,158	9.8	£0.938	43.3%	2.78	4.43%	0.00%	£0.938
12 October 2023	118,158	9.8	£0.938	43.3%	2.78	4.43%	0.00%	£0.938
12 October 2023	172,393	9.8	£0.938	43.3%	2.78	4.43%	0.00%	£0.938
12 October 2023	86,196	9.8	£0.938	43.3%	2.78	4.43%	0.00%	£0.938

The Group has used the Monte Carlo model to value its share awards. The exercise price used in the model for share options granted in 2023 is £nil (2022: £nil). The fair value of awards, which have a TSR performance condition, takes account of the likelihood of meeting these targets.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is typically calculated based on statistical analysis of daily share prices over the length of the award period.

The Group recognised total expenses of £2.0 million (2022: £1.9m) related to equity-settled share-based payment transactions in the period. The Group had equity-settled share-based awards of £1.1m (2022: cash settled £0.6m) during the year.

32. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust- or contract-based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Company.

In the UK, the two main schemes are a defined contribution scheme, which is open to all UK employees joining the Group (full or part-time), and the Bakkavor Pension Scheme ("the Scheme"), which is a funded defined benefit scheme that provides benefits on a final salary basis and was closed to future accrual in March 2011.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website www.thepensionsregulator.gov.uk. Although the Company bears the financial cost of the plan, the trustee directors are responsible for the overall management and governance of the scheme, including compliance with all applicable legislation and regulations. The trustee directors are required by law to act in the interests of all relevant beneficiaries and to set certain policies; to manage the day-to-day administration of the benefits; and to set the plan's investment strategy following consultation with the Parent Company.

Pension costs charged in arriving at profit on ordinary activities before taxation were:

£m	2023	2022
UK defined contribution scheme net charge	**12.7**	12.6
UK defined benefit scheme net charge	**0.4**	0.6
Total charge	**13.1**	13.2

DEFINED CONTRIBUTION SCHEMES

The total cost charged to income of £12.7m (2022: £12.6m) represents contributions payable to these schemes by the Group at rates advised by the Group to all employees, subject to the minimum requirements set out in legislation. Included in accruals was £2.2m at the period-end for the defined contribution scheme's gross contributions (2022: £2.4m).

DEFINED BENEFIT SCHEMES

An actuarial valuation of Scheme assets and the present value of the defined benefit obligation for funding purposes was carried out as at 31 March 2022. The results from this valuation were updated for IAS 19 Employee Benefits purposes to 30 December 2023 by a qualified independent actuary with Willis Towers Watson. The projected unit cost method was used to value the liabilities.

The principal assumptions used in this IAS 19 valuation were:

	2023	2022
Future pension increases for in-payment benefits (majority of liabilities)	**3.00%**	3.10%
Discount rate applied to Scheme liabilities	**4.50%**	4.80%
Inflation assumption (CPI)	**2.65%**	2.80%

The 2023 mortality table is based on Scheme-specific postcode-fitted SAPS 3 tables with a 107% multiplier for male members and a 110% multiplier for female members. Future improvements are in line with the CMI core 2018 improvements model with an initial addition to improvements of 0.5% p.a. and a 1.25% p.a. long-term trend from 2013 onwards, giving life expectancies as follows:

	Males' expected future lifetime 2023	Males' expected future lifetime 2022[1]	Females' expected future lifetime 2023	Females' expected future lifetime 2022[1]
Member aged 45	**22.7**	23.2	**25.1**	25.4
Member aged 65	**21.4**	21.8	**23.6**	23.9

1 2022 restated.

The IAS 19 calculations, which are based on an approximate update of the results of the actuarial valuation of the Scheme which was carried out as at 31 March 2022, are particularly sensitive to some assumptions: for example, the discount rate, the level of assumed price inflation and the life expectancy assumption. As such, a broad indication of the sensitivity of the liabilities to each assumption is shown. The sensitivities display 'reasonably possible' changes in actuarial assumptions. The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below:

Assumption	Change in assumption	Approximate impact on Scheme liabilities
Discount rate	Increase/decrease by 1.0%	Decrease £22.6m/increase £28.3m
Rate of inflation	Increase/decrease by 0.5%	Increase £8.9m/decrease £8.6m
Life expectancy	Members assumed to be one year younger than their actual age	Increase £5.5m

32. Retirement benefit schemes continued

Amounts recognised in income in respect of these defined benefit schemes are as follows:

£m	2023	2022
Past service cost	–	–
Net interest on net defined benefit asset/liability	(0.7)	(0.7)
Administration costs incurred during the period	1.1	1.3
Total charge	0.4	0.6

All of the charges for each period presented have been included in total administrative expenses. The actuarial loss of £2.9m (2022: £26.3m loss) has been reported in other comprehensive income.

The actual return on Scheme assets was an increase of £10.1m (2022: £119.1m decrease).

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£m	Note	30 December 2023	31 December 2022
Fair value of Scheme assets		190.0	185.9
Present value of defined benefit obligations		(178.0)	(173.1)
Scheme surplus		12.0	12.8
Related deferred taxation liability	23	(3.0)	(3.2)
		9.0	9.6

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The Scheme surplus in 2023 is recognised in accordance with IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction, as the Scheme's terms and conditions allow the Group to have an unconditional right to a refund of contributions when economic benefits are available.

The amounts recognised in the balance sheet and the movements in the fair value of Scheme assets and the present value of defined benefit obligation ("DBO") are as follows:

£m	Present value of DBO	Fair value of Scheme assets	Net amount
At 26 December 2021	**(276.3)**	**313.5**	**37.2**
Past service cost – plan amendments	–	–	–
Interest (expense cost on the DBO)/income on Scheme assets	(4.9)	5.6	0.7
Administrative costs paid	–	(1.3)	(1.3)
Total amount recognised in the consolidated income statement	**(4.9)**	**4.3**	**(0.6)**
Return on Scheme assets less than discount rate	–	(124.7)	(124.7)
Actuarial loss – experience	(13.6)	–	(13.6)
Actuarial gain – financial assumptions	112.0	–	112.0
Total amount recognised in other comprehensive income	**98.4**	**(124.7)**	**(26.3)**
Contributions from the sponsoring companies	–	2.5	2.5
Benefits paid from Scheme assets	9.7	(9.7)	–
At 31 December 2022	**(173.1)**	**185.9**	**12.8**
Past service cost – plan amendments	–	–	–
Interest (expense cost on the DBO)/income on Scheme assets	(8.1)	8.8	0.7
Administrative costs paid	–	(1.1)	(1.1)
Total amount recognised in the consolidated income statement	**(8.1)**	**7.7**	**(0.4)**
Return on Scheme assets greater/(less) than discount rate	–	1.3	1.3
Actuarial loss – experience	1.9	–	1.9
Actuarial gain – financial assumptions	(6.1)	–	(6.1)
Total amount recognised in other comprehensive income	**(4.2)**	**1.3**	**(2.9)**
Contributions from the sponsoring companies	–	2.5	2.5
Benefits paid from Scheme assets	7.4	(7.4)	–
At 30 December 2023	**(178.0)**	**190.0**	**12.0**

The analysis of the Scheme assets at the statement of financial position date was as follows:

	Fair value of assets	
£m	**30 December 2023**	31 December 2022
Structured UK equity	**5.7**	2.3
Overseas equity	**6.8**	9.9
High yield bonds	**6.5**	8.5
Corporate bonds	**45.4**	50.5
Government bonds	**97.9**	81.3
Cash	**8.9**	9.6
Other	**18.8**	23.8
	190.0	185.9

The fair values of the equity and bonds have been determined as level 2 instruments under IFRS 7 Financial Instruments. Index-linked government bonds, which have quoted prices in active markets, are classed as level 1.

Structured UK equity provides exposure to UK equities, but is a derivative-based solution and not a direct investment in equities. A proportion of the index-linked government bonds are held as collateral against the structured UK equity product.

The Scheme assets also include swaps to hedge liability inflation and interest rate risks. The swap value has been included in the value of the gilt securities used as collateral for the swaps. Corporate bonds and cash are also used as collateral for the swaps in place.

The Scheme invests in four multi-asset funds, which invest in a wide range of assets including alternative asset classes. In the summary above, the multi-asset funds have been split into the relevant constituent asset classes.

The Bakkavor Pension Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme is subject to Scheme-specific funding requirements, as outlined in UK legislation. The most recent Scheme-specific funding valuation was as at 31 March 2022.

The Group and the Trustees work closely on matters concerning the Bakkavor Pension Scheme. Regular meetings and correspondence on matters concerning the Scheme are shared in an open manner between both parties.

The Bakkavor Pension Scheme's current investment strategy adopts a policy of investing broadly 60% in growth-seeking assets and 40% in liability-matching assets, although the proportions can vary significantly in order to allow for advanced liability hedging techniques, opportunistic allocation of assets and the 'structured equity' component of the strategy increases the notional allocation to return-seeking assets to 95%. A large proportion of both interest and inflation risk is hedged. This strategy is intended to reduce the risk of significant changes to the funding level by hedging key risks, while retaining a proportion of return-seeking assets to minimise long-term costs by maximising return within an acceptable level of risk. The Scheme's assets are held separately from those of the Group.

The weighted average duration of the Bakkavor Pension Scheme is approximately 15 years.

Employer contributions, except for deficit reduction contributions, ceased in March 2011 when the Scheme closed to future accrual. Employee contributions also ceased at this date.

Following the closure of the Scheme to future accrual in March 2011, the Group and the Trustee agreed that members who were active members of the Scheme at the date of closure would remain entitled to access early retirement on preferential terms as long as they remained in employment within the Group. The value of members accessing these preferential terms is not included in the defined benefit obligation as this benefit is not funded for in advance. If members choose to access this benefit an employer contribution is made to the Scheme to reflect the increase in expected future pension costs. In 2023, no augmentation was made in respect of this benefit (2022: £nil).

The current deficit reduction contributions were agreed between the Group and the Trustee as part of the 2022 triennial valuation. The deficit contributions will be paid over a recovery period ending on 31 March 2025. The recovery contributions are paid monthly and the agreed rates are £2.5m per annum. Contributions could continue through to 31 August 2025 at the rate of £2.5m per annum if the scheme is in deficit on a technical provisions basis at 31 December 2024 and 31 January 2025. £2.5m was paid in the period to 30 December 2023 (2022: £2.5m). The actual amount of employer contributions expected to be paid to the Scheme during 2024 is £2.5m.

33. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's separate Financial Statements.

TRADING TRANSACTIONS

During the period, Group companies did not enter into any transactions with related parties who are not members of the Group.

TRANSACTIONS WITH THE BAKKAVOR DEFINED BENEFIT PENSION SCHEME ("THE SCHEME")

In the period ended 31 December 2022, as a result of the volatility in the gilt markets, the Scheme was required to provide further collateral for its liability hedging of interest and inflation rate movements. The Group agreed to provide a £15m short-term line of credit to the Scheme in October 2022 to meet this collateral requirement. The line of credit attracted interest at a rate of 2.1% plus SONIA and was fully repaid by 23 December 2022.

For the year ended 30 December 2023, there were no such arrangements in place.

SHARE TRANSACTIONS

See Note 35 for details of share transactions by two of the Company's Directors, Agust Gudmundsson and Lydur Gudmundsson.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors and Senior Management, who are the key management personnel of the Company, is set out below for each of the categories specified in IAS 24 Related Party Disclosures.

	2023			2022		
£m	**Directors**	**Senior Management**	**Total**	Directors	Senior Management	Total
Short-term employee benefits	**3.4**	**2.7**	**6.1**	3.1	1.1	4.2
Post-employment benefits[1]	**–**	**–**	**–**	–	–	–
Share-based payments[2]	**0.4**	**0.3**	**0.7**	0.4	0.3	0.7
	3.8	**3.0**	**6.8**	3.5	1.4	4.9

1 The Directors' post-employment benefits show contributions made to pension schemes. The pension entitlements disclosed in the Directors' remuneration report on pg 127 included cash contributions paid in lieu of pension contributions.

2 This is the income statement charge for the year which represents the fair value of the share-based payments to the Directors and Senior Management. Details of the share-based payments are set out in Note 31.

The highest paid Director received aggregate remuneration (including pension entitlements) of £1.6m (2022: £1.1m).

For the period ended 30 December 2023, two Directors (2022: two Directors) received contributions to their pension schemes from the Group.

For the period ended 30 December 2023, two Directors (2022: two Directors) received share options. Nil Director (2022: one Director) exercised share options during the period (2022: gain £59,000).

34. Events after the statement of financial position date

There are no events after the statement of financial position date that need to be disclosed.

35. Controlling party

These Financial Statements are the largest Consolidated Financial Statements in which the Company has been included.

Two of the Company's Directors, Agust Gudmundsson and Lydur Gudmundsson, hold shares in the Company through their beneficial ownership of Carrion Enterprises Limited (the corporate holding structure of Agust Gudmundsson) and Umbriel Ventures Limited (the corporate holding structure of Lydur Gudmundsson). On 20 May 2022, Lydur Gudmundsson purchased 200,000 ordinary shares in the Company. Following the transaction, Umbriel Ventures Limited holds 142,303,505 ordinary shares (representing 24.56% of the issued share capital of the Company) and Carrion Enterprises Limited holds 142,103,505 ordinary shares (representing 24.52% of the issued share capital of the Company).

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

36. Alternative performance measures

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

LIKE-FOR-LIKE 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	2023	2022	Change %
Statutory revenue	**2,203.8**	2,139.2	3.0%
Effect of currency movements	**10.4**	–	
Week 53 revenue	**–**	(36.0)	
Like-for-like revenue	**2,214.2**	2,103.2	5.3%

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

UK

£m	2023	2022	Change %
Statutory revenue	**1,852.7**	1,783.1	3.9%
Week 53 revenue	**–**	(30.8)	
Like-for-like revenue	**1,852.7**	1,752.3	5.7%

US

£m	2023	2022	Change %
Statutory revenue	**229.4**	255.3	(10.1%)
Effect of currency movements	**1.2**	–	
Week 53 revenue	**–**	(3.6)	
Like-for-like revenue	**230.6**	251.7	(8.4%)

CHINA

£m	2023	2022	Change %
Statutory revenue	**121.7**	100.8	20.7%
Effect of currency movements	**9.2**	–	
Week 53 revenue	**–**	(1.6)	
Like-for-like revenue	**130.9**	99.2	32.0%

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, costs incurred to configure or customise 'Software-as-a-Service' ("SaaS") arrangements as defined in the accounting policies, 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.

36. Alternative performance measures continued

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

£m	Note	2023	2022
Operating profit		**97.1**	37.8
Exceptional items	7	**(2.8)**	50.1
Configuration and customisation costs for SaaS projects		**–**	1.5
Adjusted operating profit		**94.3**	89.4
Depreciation		**68.7**	68.3
Amortisation		**3.0**	0.7
Share scheme charges		**2.0**	1.9
Loss/(profit) on disposal of property, plant and equipment		**0.1**	(0.1)
Share of results of associates after tax		**–**	(0.2)
Adjusted EBITDA post IFRS 16		**168.1**	160.0
Less IFRS 16 impact		**(14.0)**	(13.8)
Adjusted EBITDA pre IFRS 16[1]		**154.1**	146.2
Covenant adjustments		**0.4**	0.6
Adjusted EBITDA (pre IFRS 16 and including covenant adjustments)		**154.5**	146.8

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 Adjusting operating profit by segment is reconciled to operating profit in Note 4.

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	30 December 2023	31 December 2022
Group net debt	21	**(319.3)**	(379.3)
Unamortised fees		**(1.1)**	(2.6)
Interest accrual		**0.5**	0.4
Lease liabilities recognised under IFRS 16		**90.3**	96.6
Group operational net debt		**(229.6)**	(284.9)
Adjusted EBITDA (pre IFRS 16 and including covenant adjustments)		**154.5**	146.8
Leverage (Operational net debt/adjusted EBITDA pre IFRS 16 and including covenant adjustments)		**1.5**	1.9

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 as set out in Note 19 and the extension of payment terms for certain suppliers as described in Note 25. 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 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	2023	2022
Net cash generated from operating activities	**147.7**	127.1
Interest received	**0.6**	0.2
Dividends received from associates	**1.6**	–
Proceeds on disposal of associates	**3.2**	–
Purchases of property, plant and equipment	**(40.4)**	(61.1)
Proceeds on disposal of property, plant and equipment	**1.6**	0.1
Purchase of intangibles	**(3.5)**	(2.9)
Cash impact of exceptional items	**4.4**	2.5
Refinancing fees	**–**	0.9
Free cash flow (as previously reported)	**115.2**	66.8
IFRS 16 capital lease payments	**(12.0)**	(13.4)
Free cash flow	**103.2**	53.4

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, configuration and customisation costs for SaaS projects 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	2023	2022
Profit for the period		**53.9**	12.5
Exceptional items	7	**(2.8)**	50.1
Configuration and customisation costs for SaaS projects		**–**	1.5
Change in fair value of derivative financial instruments		**–**	0.1
Tax on the above items		**–**	(9.4)
Adjusted earnings		**51.1**	54.8
Add back: Tax on adjusted profit before tax		**16.4**	15.0
Adjusted profit before tax		**67.5**	69.8
Effective tax rate on underlying activities (Tax on adjusted profit before tax/adjusted profit before tax)		**24.4%**	21.5%

Number of shares '000	2023	2022
Weighted average number of Ordinary shares	**576,129**	577,576
Effect of dilutive Ordinary shares	**12,576**	9,767
Weighted average number of diluted Ordinary shares	**588,705**	587,343

	2023	2022
Adjusted basic earnings per share	**8.8p**	9.5p
Adjusted diluted earnings per share	**8.7p**	9.3p

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 and configuration and customisation costs for SaaS projects 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.

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.

36. Alternative performance measures continued

£m	Note	2023	2022
Operating profit		**97.1**	37.8
Exceptional items	7	**(2.8)**	50.1
Configuration and customisation costs for SaaS projects		**–**	1.5
Adjusted operating profit		**94.3**	89.4
Taxation at the underlying effective rate		**(23.0)**	(19.2)
Adjusted operating profit after tax		**71.3**	70.2
Invested capital			
Total assets		**1,480.3**	1,541.4
Total liabilities		**(872.7)**	(923.6)
Net debt at period end		**319.3**	379.3
Derivatives not designated as hedges		**–**	–
Retirement benefit scheme surplus		**(12.0)**	(12.8)
Deferred tax liability on retirement benefit scheme		**3.0**	3.2
Invested capital		**917.9**	987.5
Average invested capital for ROIC calculation		**952.7**	987.7
ROIC (%)		**7.5%**	7.1%

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 DECEMBER 2023

£m	Note	31 December 2023	31 December 2022
Non-current assets			
Shares in Group undertakings	4	**309.5**	309.5
Current assets			
Loans to Group undertakings	6	**95.5**	95.6
Deferred tax assets		**0.1**	0.9
		95.6	96.5
Total assets		**405.1**	406.0
Current liabilities			
Loans from Group undertakings	6	**(2.5)**	(1.6)
Total liabilities		**(2.5)**	(1.6)
Net assets		**402.6**	404.4
Equity			
Called up share capital	7	**11.6**	11.6
Own shares held	7	**(4.4)**	(3.1)
Merger reserve	7	**23.8**	23.8
Retained earnings		**371.6**	372.1
Total equity		**402.6**	404.4

In accordance with the exemptions allowed by Section 408 of Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The profit for the period was £40.0m (2022: £38.5m).

The Financial Statements of Bakkavor Group plc, Company number 10986940, and the accompanying Notes, which form an integral part of the Company Financial Statements, were approved by the Board of Directors on 4 March 2024. They were signed on behalf of the Board of Directors by:

Mike Edwards
Chief Executive Officer

Ben Waldron
Chief Financial Officer and Asia Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 30 DECEMBER 2023

£m	Note	Called up share capital	Own shares held	Merger reserve	Retained earnings	Total equity
Balance at 26 December 2021		11.6	–	23.8	371.3	**406.7**
Profit for the period		–	–	–	38.5	**38.5**
Purchase of own shares		–	(3.1)	–	–	**(3.1)**
Dividends	7	–	–	–	(38.8)	**(38.8)**
Credit for share-based payments		–	–	–	1.9	**1.9**
Cash-settlement of share-based awards		–	–	–	(0.6)	**(0.6)**
Deferred tax		–	–	–	(0.2)	**(0.2)**
At 31 December 2022		11.6	(3.1)	23.8	372.1	**404.4**
Profit for the period		–	–	–	40.0	**40.0**
Purchase of own shares	7	–	(2.4)	–	–	**(2.4)**
Dividends	7	–	–	–	(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)	**0.0**
Deferred tax		–	–	–	(0.8)	**(0.8)**
At 30 December 2023		11.6	(4.4)	23.8	371.6	**402.6**

1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activity of the Company is that of a holding company. The principal activities of the Company's subsidiaries are described within Note 1 of the Consolidated Financial Statements.

2. Significant accounting policies

The Company Financial Statements have been prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 as applicable to companies using FRS 101 and under the historical cost convention.

The Company Financial Statements are prepared on the going concern basis as set out in Note 2 to the Consolidated Financial Statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. The requirement of IFRS 7, Financial Instruments: Disclosures.
b. The requirements of paragraphs 91–99 of IFRS 13, Fair Value Measurement.
c. The requirement in paragraph 38 of IAS 1, Presentation of Financial Statements, to present comparative information in respect of: Paragraph 79(a) (iv) of IAS 1, Presentation of Financial Statements, and Paragraph 73(e) of IAS 16, Property, Plant and Equipment, and Paragraph 118(e) of IAS 38, Intangible Assets.
d. The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A-D, 111 and 134–136 of IAS 1, Presentation of Financial Statements.
e. The requirement of IAS 7, Statement of Cash Flows.
f. The requirements of paragraphs 30 and 31 of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
g. The requirements of paragraphs 17 and 18A of IAS 24, Related Party Disclosures.
h. The requirements in IAS 24, Related Party Disclosures, to disclose related party transactions entered into between two or more members of a group.
i. The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36, Impairment of Assets.
j. The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, Share-based Payment.

The principal accounting policies adopted have been applied consistently and are the same as those set out in Note 2 to the Consolidated Financial Statements except as set out below.

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment, either internal or external. Where there is a need to determine the recoverable value of an investment this requires judgements and assumptions related to the expected future cash flows to be derived from the investment.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Amounts due from other Group companies are initially recognised at fair value and subsequently carried at amortised cost net of allowance for expected credit losses. An allowance is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. The Company's amounts due from other Group companies at 30 December 2023 amounted to £95.5m (2022: £95.6m).

None of these balances include an allowance for expected credit losses and all amounts are expected to be recoverable in full.

3. Employees', Directors' and Auditors' remuneration

Fees payable of £0.1m (2022: £0.1m) to the Company's Auditors in respect of the audit of the Company's Financial Statements for the periods ended 30 December 2023 and 31 December 2022 have been borne by fellow Group company Bakkavor Foods Limited.

The Company has 11 Directors (2022: 11 Directors) and no further employees. Payments to the Directors for the periods ended 30 December 2023 and 31 December 2022 have been borne by fellow Group company Bakkavor Foods Limited. Details of Directors' remuneration are disclosed within Note 33 of the Consolidated Financial Statements.

4. Shares in Group undertakings

£m	Investment in Group companies
Balance at 31 December 2022 and 30 December 2023	**309.5**

5. Subsidiaries

As at 30 December 2023, Bakkavor Group plc held investments in the share capital of the following companies:

Name	Place of registration and operation	Principal activity	% of voting shares as at 30 December 2023	% of voting shares as at 31 December 2022
Directly held investments:				
Bakkavor Holdings Limited[1]	UK	Holding company	100%	100%
Indirectly held investments:				
Bakkavor Finance (2) Limited[1]	UK	Holding company	100%	100%
Bakkavor Limited[1]	UK	Holding company	100%	100%
Bakkavor USA Inc[2]	US	Holding company	100%	100%
Bakkavor USA Limited[1]	UK	Holding company	100%	100%
Bakkavor Foods USA Inc[2]	US	Manufacture of fresh prepared meals and bakery products	100%	100%
Bakkavor China Limited[1]	UK	Holding company	100%	100%
Bakkavor Bakery Holdings Limited[3]	Hong Kong	Holding company	100%	100%
Bakkavor Hong Kong Limited[3]	Hong Kong	Preparation and marketing of fresh prepared foods	100%	100%
Bakkavor China Holdings Limited[3]	Hong Kong	Holding company	100%	100%
Wuhan Bakkavor Food Company Limited[4]	China	Manufacture of salad products	100%	100%
Wuhan Bakkavor Agricultural Product Processing Company Limited[17]	China	Manufacture of salad products	100%	100%
Jiangsu Bakkavor Food Company Limited[5]	China	Manufacture of salad products	100%	100%
Shaanxi Bakkavor Food Company Limited[6]	China	Manufacture of salad products	100%	100%
Beijing Bakkavor Food Company Limited[7]	China	Manufacture of salad products	100%	100%
Guangzhou Bakkavor Food Company Limited[8]	China	Manufacture of salad products	100%	100%
Bakkavor (Shanghai) Management Company Limited[9]	China	Holding company	100%	100%
Shaanxi Bakkavor Agriculture Processing Company Limited[10]	China	Manufacture of salad products	100%	100%
Fujian Bakkavor Food Company Limited[11]	China	Manufacture of salad products	100%	100%
Bakkavor (Taicang) Baking Company Limited[12]	China	Manufacture of bakery products	100%	100%
Chengdu Bakkavor Foods Company Limited[13]	China	Manufacture of salad products	100%	100%
Bakkavor Foods Limited[1]	UK	Manufacture of fresh prepared foods	100%	100%
Bakkavor Estates Limited[1]	UK	Property management	100%	100%
Bakkavor Pension Trustees Limited[1]*	UK	Pension trustee holding company	100%	100%
Bakkavor European Marketing BV[14]	Netherlands	Holding company	100%	100%
NV Bakkavor Belgium BV[15]	Belgium	Non-trading	100%	100%
BV Restaurant Group Limited[1]	UK	Production and distribution of fresh prepared foods	100%	100%
Bakkavor Iberica S.L.U.[16]	Spain	Distribution	100%	100%
Bakkavor Central Finance Limited[1]	UK	Customer invoicing and financing of receivables	100%	100%
Dormant companies				
Bakkavor Dormant Holdings Limited[1]*	UK	Holding company	100%	100%
Bakkavor Finance (1) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Finance (3) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Acquisitions (2008) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Invest Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor (Acquisitions) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Asia Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Overseas Holdings Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor (London) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Finance Limited[1]*	UK	Dormant non-trading company	100%	100%
BV Foodservice Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Desserts Leicester Limited[1]	UK	Dormant non-trading company	100%	100%
Bakkavor Fresh Cook Limited[1]*	UK	Dormant non-trading company	100%	100%
English Village Salads Limited[1]*	UK	Dormant non-trading company	100%	100%
Notsallow 256 Limited[1]*	UK	Dormant non-trading company	100%	100%

5. Subsidiaries continued

Name	Place of registration and operation	Principal activity	% of voting shares as at 30 December 2023	% of voting shares as at 31 December 2022
Kent Salads Limited[1]*	UK	Dormant non-trading company	100%	100%
Laurens Patisseries Limited[1]*	UK	Dormant non-trading company	100%	100%
Hitchen Foods Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Brothers Limited[1]*	UK	Dormant non-trading company	100%	100%
Cucina Sano Limited[1]*	UK	Dormant non-trading company	100%	100%
Butterdean Products Limited[1]*	UK	Dormant non-trading company	100%	100%
Exotic Farm Prepared Limited[1]*	UK	Dormant non-trading company	100%	100%
Exotic Farm Produce Limited[1]*	UK	Dormant non-trading company	100%	100%
Associate companies				
La Rose Noire Limited[17]	Hong Kong	Operation of bakery and food and beverage outlets	0%	45%
Patisserie et Chocolat Limited[17]	Hong Kong	Operation of bakery and food and beverage outlets	0%	45%

1 The registered address of all these companies is Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ.
2 The registered address of these companies is 2700 Westinghouse Boulevard, Charlotte, NC 28273.
3 The registered address of these companies is Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan, Hong Kong.
4 The registered address of this company is Mujiajing ZhangDuHu Farm, Xinzhou District, Wuhan, China.
5 The registered address of this company is Agricultural Development Area, Changle Town, Haimen City, Jiangsu Province, China.
6 The registered address of this company is Qinghua Keji Garden, Middle of Shiji Road, Xianyang City, Shanxi Province, China.
7 The registered address of this company is South Xitai Road, Da Sun Gezhuang Town, Shunyi District, Beijing, China.
8 The registered address of this company is No. 55 Banyutang Road, High Tech Development Area, Guangzhou, China.
9 The registered address of this company is Room 01, 3A Floor, Number 16 Lane 1977, Jinshajiang Road, Putuo District, Shanghai, China.
10 The registered address of this company is No.424, Building 4, Chongwen tower scenic area (phase I), Jinghe new town, Xixian new district, Shaanxi province, China.
11 The registered address of this company is Jiulong Industry Park of Hua An Economic Development Zone, China.
12 The registered address of this company is Taicang City, No 29 Qingdao East Road, China.
13 The registered address of this company is Rong Tai Road, Cross-Straits Science & Technology Industry Development Park, Wenjiang District, Chengdu, China.
14 The registered address of this company is Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.
15 The registered address of this company is Lammerdries-Zuid 16F, 2250 Olen, Belgium.
16 The registered address of this company is Calle Cartagena 57, 1º D Torre Pacheco, Murcia CP 30700, Spain.
17 The registered address of this company is Room 706, 7th floor, No. 1 Entrepreneurship service centre, Hanshi No. 1 road, Honggang village, Wuhan Yangluo Economic Development Zone, China.
* These companies are UK dormant companies which file dormant accounts which are exempt from audit by virtue of s479A of Companies Act 2006.

6. Financial instruments

FOREIGN CURRENCY RISK

The Company is not exposed to any significant foreign currency risk as principally all its balances are in Pounds Sterling.

INTEREST RATE RISK MANAGEMENT

The Company has intercompany loan receivables. There are no interest-bearing balances and therefore the Company is not exposed to any interest rate risk.

CATEGORIES OF FINANCIAL INSTRUMENTS

£m	30 December 2023	31 December 2022
Financial assets and liabilities		
Measured at amortised cost:		
Loans to Group undertakings	**95.5**	95.6
Loans from Group undertakings	**(2.5)**	(1.6)

7. Called up share capital and reserves

CALLED UP SHARE CAPITAL

£m	30 December 2023	31 December 2022
Issued and fully paid:		
579,425,585 (2022: 579,425,585) Ordinary shares of £0.02 each	**11.6**	11.6

All Ordinary shares of £0.02 (2022: £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 period ending 31 December 2022, the Company began purchasing 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 number of Ordinary shares held by the Trust at 30 December 2023 was 4,567,073 (31 December 2022: 2,940,514). This represents 0.79% of total called up share capital at 30 December 2023 (31 December 2022: 0.51%).

Total cash purchases made through the EBT during the year amounted to £2.4m (2022: £3.1m).

£m	Number of shares	£m
Balance at 1 January 2023	2,940,514	3.1
Acquisition of shares by the Trust	2,688,310	2.4
Distribution of shares under share scheme plans	(1,061,751)	(1.1)
Balance at 30 December 2023	**4,567,073**	**4.4**

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

DIVIDENDS

Reporting period ended	Dividend per share	Declared	Date paid	Number of dividend rights waived[1]	Amount paid
30 December 2023					
Interim dividend	**2.91p**	**September 2023**	**13 October 2023**	**3,264,816**	**£16,766,278**
31 December 2022					
Final dividend	4.16p	May 2023	5 June 2023	2,886,522	£23,984,025
Interim dividend	2.77p	September 2022	14 October 2022	2,492,273	£15,981,053
25 December 2021					
Final dividend	3.96p	May 2022	30 May 2022	2,439,135	£22,848,663

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.

8. Related party transactions

During the period, the Company entered into the following transactions with related parties:

£m	30 December 2023	31 December 2022
Loans to Group undertakings	**95.5**	95.6
Loans from Group undertakings	**(2.5)**	(1.6)

Loans to Group undertakings relate to corporate loans of £95.5m (2022: £95.6m) due from Bakkavor Finance (2) Limited. These amounts are unsecured and will be settled in cash. The loans are repayable within 60 days of being given notice by the lender. No guarantees have been given or received. No provisions have been made for expected credit losses in respect of the amounts owed by related parties.

Amounts are denominated in Sterling. All related party receivables are held at amortised cost.

Loans to Group undertakings do not carry interest on the outstanding corporate loan balances.

Loans from Group undertakings relate to a corporate loan of £2.5m (2022: £1.6m) due from Bakkavor Foods Limited.

Loans from Group undertakings do not carry interest on the outstanding corporate loan balances.

The Company purchases its own shares through an Employee Benefit Trust, see Note 7.

9. Events after the statement of financial position date

There are no events after the statement of financial position date that need to be disclosed.

10. Controlling party

The controlling party of the Company and its subsidiaries are described within Note 35 of the Consolidated Financial Statements.

PART B

Set out below is the audited consolidated financial statements of the Bakkavor Group for the 52-week period ended 28 December 2024:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BAKKAVOR GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- Bakkavor Group plc's Group Financial Statements and Company Financial Statements ("the Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 28 December 2024 and of the Group's profit and the Group's cash flows for the 52-week period then ended.
- The Group Financial Statements have been properly prepared in accordance with UK-adopted International Accounting Standards as applied in accordance with the provisions of the Companies Act 2006.
- The Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law).
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the 2024 Annual Report and Accounts ("the Annual Report"), which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 28 December 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the Company statement of changes in equity for the period then ended; and the notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit and Risk Committee report, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

OVERVIEW

Audit scope

- Full-scope audit procedures were performed over the complete financial information of two components and audit of specific financial statement line items over a further eleven components.
- Central audit procedures were performed by the Group Audit team which included the audit of recoverability of goodwill, shares in Group undertaking and loans to Group undertakings, the audit of current and deferred income taxes, the presentation of exceptional items, UK payroll, and the defined benefit pension scheme.
- Full-scope audit procedures were also performed over the Company financial information.

Key audit matters

- Recoverability of goodwill in the US Cash Generating Unit ("CGU") (Group).
- Recoverability of shares in Group undertakings and loans to Group undertakings (Company).

Materiality

- Overall Group materiality: £11,500,000 (2023: £6,700,000) based on 0.5% of revenue.
- Overall Company materiality: £4,000,000 (2023: £4,000,000) based on 1% of total assets.
- Performance materiality: £8,600,000 (2023: £5,000,000) (Group) and £3,000,000 (2023: 3,000,000) (Company).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in the Auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the Auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the Engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Recoverability of goodwill in the US CGU (Group)

Refer to the accounting policies in Note 2, the key sources of estimation uncertainty in Note 3 and Note 13 of the Group Financial Statements.

Goodwill must be tested for impairment on at least an annual basis. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires estimation by the Directors in both identifying and then valuing the relevant Group's CGUs.
We focused on the goodwill allocated to the US as this was determined to be a significant risk in the current year.

Judgement and estimation is required to establish the recoverable amount using a VIU model. This includes judgement in the selection of assumptions used to forecast future cash flows such as revenue growth, earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, climate change impacts and capital expenditure, and in the selection of appropriate discount rates and long-term growth rates ("LTGRs").

We focused on the goodwill allocated to the US CGU as the key assumptions within the models are subjective and susceptible to management bias. Refer to the Audit and Risk Committee report for discussion of this key audit matter.

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At the planning stage of the audit, we assessed the design and implementation of controls over the impairment review process.

As part of our audit of management's impairment assessment we performed the following procedures.

- We tested the technical and arithmetic accuracy to ensure that this had been prepared in line with IAS 36.
- We reviewed the climate-related estimates in the model, to confirm if they were consistent with the Group's net zero commitments.
- We used internal valuations experts to determine whether the discount rate and LTGR for the CGU were reasonable.
- We identified significant cash flow forecast assumptions to which the US model was sensitive and focused our efforts on these assumptions. We reviewed and challenged these key assumptions and forecasts used in the model, focusing on revenue growth and EBITDA margin assumptions. Procedures performed included, but were not limited to:
  - Agreeing forecasts to Board approved budgets and three year plan.
  - Reviewing management's historical accuracy of forecasting.
  - Obtaining a revenue and EBITDA bridge from FY24 to FY25 forecast and assessing key elements of this bridge, obtaining supporting evidence where applicable and comparing to historic performance.
  - Reviewing actual performance of the US CGU in 2024 and 2025 to the end of January and weekly performance of February 2025.
- We reviewed other less significant assumptions in the model including forecast capital expenditure and allocation of central costs.
- We reperformed management's sensitivity analysis by reducing operational cash flows estimated by EBITDA to simulate downside scenarios and failure to achieve forecast growth, and separately sensitised the discount rate and long-term growth rates to understand the impact that possible changes could have. We confirmed these are mathematically accurate. We challenged management on the disclosures in order to appropriately reflect the risk surrounding estimation and concluded that the current disclosures are acceptable.
- We performed independent sensitivities on the US CGU in the form of stress tests to assess the deviation from budget that the CGU could withstand before an impairment would be necessary. These were focused on adjusting those assumptions which involve greater estimation such as sales growth and EBITDA margin improvement. We also compared the downsides in management's going concern model for consistency.

Based on the procedures performed, we concluded that no impairment charge is required. We concur with the disclosures included in the Group Financial Statements.

</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Recoverability of shares in Group undertakings and loans to Group undertakings (Company) Refer to the accounting policies in Note 2, Note 4 and Note 8 of the Company Financial Statements. The carrying value of the shares in Group undertakings and loans to Group undertakings is significant to the Company-only balance sheet.	To address the risk identified: • We obtained a schedule of shares in Group undertakings and ensured this reconciled to the Financial Statements. • We challenged management's assertion that no impairment triggers were identified that would necessitate a full impairment review to be performed. • We performed a review of net assets of the subsidiary entity against the carrying value, considered the external market and economic factors and, with respect to the US and UK, also considered our review of the discounted cash flow models prepared for the purpose of testing goodwill for impairment. Based on these procedures, we concluded that there were no triggers that would indicate the Directors were required to perform a full impairment test of the shares in Group undertakings carrying value. • We performed a reconciliation of the loans to Group undertakings amount and ensured this agrees with the counterparty. • We reviewed the application of management's impairment methodology in assessing the recoverability of intercompany receivables and the level of related expected credit loss provisions. We have reviewed the terms for the loans to Group undertakings and assessed the nature of the counterparty's liquid assets and have concluded that there is no indication of material impairment to the receivable balances. We also assessed the adequacy of the disclosure provided in Note 2, Note 4 and Note 8 of the Company Financial Statements. We found no exceptions as a result of our testing and consider the recoverability of shares in Group undertakings and loans to Group undertakings to be appropriate.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured according to manufacturing sites, each of which is a component and which maintains separate accounting records and controls. The Group Financial Statements are a consolidation of reporting units, comprising the manufacturing sites and centralised functions.

In establishing the overall approach to the Group Audit, we determined the type of work that needed to be performed at each component. Five reporting components were determined to be significant due to size as a result of their relative contribution to revenue. Full-scope audit procedures were performed on two of these components due to either holding a significantly larger proportion of revenue relative to other components or due to holding a larger concentration of balance sheet items. Audit procedures over specific Financial Statement line items were performed for the remaining three components. One reporting component was determined to be significant due to risk. Audit procedures over specific financial line items were performed for this component.

The Company was also subject to a full-scope audit by the Group Audit team and identified as a non-significant component.

In addition, we identified a further seven non-significant components which, in our view, required audit procedures over specific Financial Statement line items in order to ensure that we had sufficient audit coverage. We selected line items for testing based on their relative size and proportion of the total Group Financial Statement line item, in order to obtain sufficient appropriate audit evidence.

The consolidation, Financial Statement disclosures and a number of centralised areas were audited by the Group Audit team. These included the audit of the recoverability of goodwill, shares in Group undertakings and loans to Group undertakings, the audit of current and deferred income taxes, presentation of exceptional items, UK payroll and the defined benefit pension scheme.

We supplemented our Group-wide audit evidence and coverage through performing analytical procedures over all components other than those where we performed a full-scope audit or those that were deemed inconsequential, to identify whether any further audit evidence was needed. Analytical procedures resulted in no additional substantive testing.

THE IMPACT OF CLIMATE RISK ON OUR AUDIT

As part of our audit we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group Financial Statements and support the disclosures made within the Strategic Report.

We challenged the completeness of management's climate risk assessment by:

- Reading external reporting made by management to the Carbon Disclosure Project.
- Reviewing internal climate plans and board minutes.
- Reading the Company's website for details of climate related commitments and impacts.

Management have made a commitment to reach net zero emissions across Group operations by 2040. Management have submitted a Carbon Reduction Commitments Plan that has been externally validated by the Science Based Targets initiative ("SBTi") and have modelled their current best view of the impact, which we have reviewed.

The key area of the Group Financial Statements where management evaluated that climate risk has a potentially significant impact is in determining the VIU of its CGUs for the assessment of the recoverability of goodwill in relation to the UK and US and non-current assets, where decarbonisation costs relating to climate credits is an assumption.

Our audit response in respect of the US CGU is included in the key audit matter above. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures ("TCFD") section) within the Annual Report with the Financial Statements and our knowledge obtained from our audit. We have no matters to report as a result of these procedures.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Financial Statements – Group	Financial Statements – Company
Overall materiality	£11,500,000 (2023: £6,700,000).	£4,000,000 (2023: £4,000,000).
How we determined it	0.5% of Revenue	1% of total assets
Rationale for benchmark applied	We consider this is the most relevant measure of the ongoing performance of the Group as used by key stakeholders. In the prior year, materiality was calculated using 1% of revenue and was capped at 10% of profit before tax of underlying activities, however we have re-assessed this in the current year and have reduced the percentage, but not applied this cap in order to reduce volatility in materiality.	We believe that total assets are an appropriate benchmark for a holding Company

For each component in the scope of our Group Audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,500,000 and £10,300,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £8,600,000 (2023: £5,000,000) for the Group Financial Statements and £3,000,000 (2023: 3,000,000) for the Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £573,000 (Group Audit) (2023: £337,335) and £200,000 (Company Audit) (2023: £202,486) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's paper that supports the Group Board's assessment and conclusions with respect to the disclosures provided around going concern and viability.
- Understanding the assumptions applied in the going concern assessment so we could understand and challenge the rationale for those assumptions, using our knowledge of the business and the sector. We verified key assumptions to supporting documentation and wider market trends wherever applicable.
- Reviewing monthly trading results to January 2025 and weekly trading results thereafter, comparing to budget, and considering the impact of these actual results on the future forecast period.
- Reviewing management's severe but plausible downside sensitivity scenario. We assessed the availability of liquid resources under the base case and downside scenarios modelled by management, and the associated covenant tests applied. We reviewed management's identified mitigating actions, albeit we note that no significant mitigations are required.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our Auditors' Report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the period ended 28 December 2024 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code ("the Code") specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the reporting on other information sections of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance section, is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks.
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated.
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate.
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making enquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy.
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems.
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the Auditors.

Responsibilities for the Financial Statements and the audit

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions legislation, employment regulation, health and safety legislation and other legislation specific to the industry in which the Group operates (including food safety legislation), and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, Internal Audit and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Evaluation of management's controls designed to prevent and detect irregularities.
- Assessment of matters reported on the Group's whistleblowing helpline, and the results of management's investigation of such matters.
- Review of minutes of meetings of those charged with governance.
- Review of Internal Audit reports.
- Review of key correspondence with regulatory authorities.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability assessment for US goodwill (see related key audit matters).
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations which impact revenue, expenses or EBIT, which could manipulate the financial performance of the business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit.
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us.
- Certain disclosures of Directors' remuneration specified by law are not made.
- The Company Financial Statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 23 May 2019 to audit the Financial Statements for the year ended 28 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is six years, covering the years ended 28 December 2019 to 28 December 2024.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these Financial Statements in an Annual Financial Report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This Auditors' report provides no assurance over whether the structured digital format Annual Financial Report has been prepared in accordance with those requirements.

Sarah Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

3 March 2025

CONSOLIDATED INCOME STATEMENT
52 WEEKS ENDED 28 DECEMBER 2024

		52 weeks ended 28 December 2024			52 weeks ended 30 December 2023		
£m	Note	Underlying activities	Exceptional items[1]	Total	Underlying activities	Exceptional items[1]	Total
Continuing operations							
Revenue	4,5	**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		**113.6**	**(20.2)**	**93.4**	94.3	2.8	97.1
Finance costs	9	**(26.4)**	**(0.6)**	**(27.0)**	(27.4)	–	(27.4)
Finance income	9	**0.5**	**–**	**0.5**	0.6	–	0.6
Other gains	10	**1.7**	**–**	**1.7**	–	–	–
Profit before tax	6	**89.4**	**(20.8)**	**68.6**	67.5	2.8	70.3
Tax (charge)/credit	11	**(18.3)**	**5.4**	**(12.9)**	(16.4)	–	(16.4)
Profit for the period		**71.1**	**(15.4)**	**55.7**	51.1	2.8	53.9
Earnings per share							
Basic	12			**9.6p**			9.4p
Diluted	12			**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 7 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 37.

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

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	33	**4.9**	(2.9)
Tax relating to components of other comprehensive income	11	**(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	11	**0.6**	2.8
		(4.3)	(20.1)
Total other comprehensive (expense) net of tax		**(0.6)**	(22.3)
Total comprehensive income		**55.1**	31.6

The Notes to the Consolidated Financial statements form an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 DECEMBER 2024

£m	Note	28 December 2024	30 December 2023
Non-current assets			
Goodwill	13	**653.1**	652.5
Other intangible assets	14	**16.1**	10.5
Property, plant and equipment	15	**483.0**	507.9
Other investments		**0.1**	0.1
Deferred tax asset	22	**16.2**	14.7
Retirement benefit asset	33	**18.8**	12.0
Derivative financial instruments	21	**–**	0.9
		1,187.3	1,198.6
Current assets			
Assets held for sale	15	**2.3**	–
Inventories	17	**82.5**	71.3
Trade and other receivables	18	**195.4**	171.7
Cash and cash equivalents	19	**29.9**	36.6
Derivative financial instruments	21	**1.2**	2.1
		311.3	281.7
Total assets		**1,498.6**	1,480.3
Current liabilities			
Liabilities held for sale	15	**(3.0)**	–
Trade and other payables	24	**(492.7)**	(447.6)
Current tax liabilities		**(1.7)**	(3.4)
Borrowings	20	**(6.9)**	(25.4)
Lease liabilities	23	**(12.1)**	(11.6)
Provisions	25	**(15.9)**	(10.4)
Derivative financial instruments	21	**(2.1)**	(0.5)
		(534.4)	(498.9)
Non-current liabilities			
Borrowings	20	**(215.4)**	(240.0)
Lease liabilities	23	**(72.2)**	(78.9)
Provisions	25	**(18.3)**	(15.7)
Derivative financial instruments	21	**–**	(0.8)
Deferred tax liabilities	22	**(42.2)**	(38.4)
		(348.1)	(373.8)
Total liabilities		**(882.5)**	(872.7)
Net assets		**616.1**	607.6
Equity			
Called up share capital	27	**11.6**	11.6
Own shares held	27	**(6.3)**	(4.4)
Merger reserve	27	**(130.9)**	(130.9)
Hedging reserve	27	**(0.5)**	1.1
Translation reserve	27	**33.7**	32.8
Retained earnings		**708.5**	697.4
Total equity		**616.1**	607.6

The Financial Statements of Bakkavor Group plc and the accompanying Notes, which form an integral part of the Consolidated Financial Statements, were approved by the Board of Directors on 3 March 2025. They were signed on behalf of the Board of Directors by:

Mike Edwards
Chief Executive Officer

Lee Miley
Chief Financial Officer

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	27	–	(2.4)	–	–	–	–	**(2.4)**
Dividends	27	–	–	–	–	–	(40.8)	**(40.8)**
Credit for share-based payments		–	–	–	–	–	2.0	**2.0**
Proceeds from exercise of share options	27	–	–	–	–	–	0.2	**0.2**
Equity-settlement of share-based payments	32	–	1.1	–	–	–	(1.1)	**–**
Deferred tax	11,22	–	–	–	–	–	(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	27	–	(8.6)	–	–	–	–	**(8.6)**
Dividends	27	–	–	–	–	–	(43.8)	**(43.8)**
Credit for share-based payments		–	–	–	–	–	2.4	**2.4**
Proceeds from exercise of share options	27	–	–	–	–	–	0.4	**0.4**
Equity-settlement of share-based payments	27	–	6.7	–	–	–	(6.7)	**–**
Deferred tax	11,22	–	–	–	–	–	(0.6)	**(0.6)**
Balance at 28 December 2024		**11.6**	**(6.3)**	**(130.9)**	**(0.5)**	**33.7**	**708.5**	**616.1**

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

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	30	**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	29	**(1.8)**	–
Proceeds on disposal of subsidiary	28	**6.6**	–
Proceeds on disposal of associate		**–**	3.2
Net cash used in investing activities		**(50.5)**	(36.9)
Financing activities:			
Dividends paid	27	**(43.8)**	(40.8)
Own shares purchased	27	**(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	23	**(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

The Notes to the Consolidated Financial Statements form an integral part of the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
52 WEEKS ENDED 28 DECEMBER 2024

1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activities of the Company and its subsidiaries (the "Group") comprise the manufacture of fresh prepared food and fresh produce. These activities are undertaken in the UK and US where products are primarily sold through high-street supermarkets and China where products are primarily sold through foodservice operators.

2. Significant accounting policies

BASIS OF ACCOUNTING

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).

AMENDMENTS TO IAS 12 'INCOME TAXES' – PILLAR TWO INCOME TAXES

The Organisation for Economic Co-operation & Development ("OECD") has published proposals for a global corporate minimum tax rate of 15% ("Pillar Two"). On 20 June 2023, legislation in respect of Pillar Two was substantively enacted in the UK, Finance (No.2) Act 2023, for financial years beginning on or after 31 December 2023. Taxation balances are adjusted for a change in tax law if the change has been substantively enacted by the balance sheet date. However, the IASB issued narrow-scope amendments to IAS 12 'Income Taxes' Pillar Two which provide a temporary exemption, which can be applied immediately, from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements Pillar Two model rules. These amendments were approved for adoption by the UK Endorsement Board and adopted on 19 July 2023. The Group has applied this exception.

The Group has not applied any standards, interpretations and amendments that have been issued but are not yet effective.

The impact of the following is still to be assessed:

- IFRS 18, 'Presentation and disclosure in Financial Statements' which will become effective in the Consolidated Group Financial Statements for the financial year ended 30 December 2028.

The impact of the following is not expected to have a material impact on the Consolidated Group Financial Statements.

- Amendments to IAS 1, 'Presentation of Financial Statements' – Classifications of liabilities as current or non-current and non-current liabilities with covenants.
- Amendments to IFRS 16, 'Leases' – Lease liability in a sale and leaseback.
- Amendments to IAS 7, 'Statement of cashflows' and IFRS 7, 'Financial instruments: disclosures' – Supplier finance arrangements.
- IFRS S1, 'General requirements for disclosure of sustainability-related financial information'.
- IFRS S2, 'Climate-related disclosures'.
- Annual Improvements to IFRS Accounting Standards – Amendments to IFRS 7, IFRS 9, IFRS 10 and IAS 7.
- Amendments to IAS 21, 'The effects of changes in foreign exchange rates' – Lack of exchangeability.
- Amendments to IFRS 9, 'Financial instruments' and IFRS 7, 'Financial instruments: disclosures' – Financial assets with ESG-linked features.

All principal accounting policies adopted have been applied consistently and are set out below.

2. Significant accounting policies continued

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. On 25 July 2024, the Group completed a refinancing of its debt facilities with a new £350m corporate loan facility. The initial maturity is four years from the signing date (July 2028), with options to request two one year extensions. The agreement comprised revolving credit facilities of £200m and a Term Loan of £150m. In addition, at the end of 2024 the Group had £29 million of other debt facilities that will be repaid on an amortising basis by March 2028.

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.

SUBSIDIARIES

Subsidiary undertakings are included in the Consolidated Financial Statements from the date on which control is achieved and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether or not it controls an investee when facts and circumstances indicate that there are changes to one or more of the elements of control.

When the Group has less than a majority of the voting rights of an investee, it considers all relevant facts and circumstances in assessing whether or not it has power over the investee to direct the relevant activities of the investee unilaterally.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

BUSINESS COMBINATIONS

Business acquisitions from third parties are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Goodwill arising on business combinations is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after the reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

When the consideration in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37, as appropriate.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in the income statement.

GOODWILL

Goodwill is initially recognised and measured as set out above in 'Business combinations'.

Goodwill is assumed to have an indefinite life as the acquired business is expected to trade for the foreseeable future and therefore goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units ("CGUs") or groups of CGUs expected to benefit from the synergies of the combination. The CGUs identified by the Group are the three operating regions: the UK, the US and China. This is the lowest level at which goodwill is monitored. CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Please refer to Note 13 for details of the goodwill impairment assessment.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

REVENUE RECOGNITION

The Group sells fresh prepared foods and fresh produce, and revenue is recognised as the performance obligation to deliver goods to customers is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. Revenue on the sale of goods is recognised when control of the goods has passed to the buyer upon delivery to the customer and represents the value of sales to customers net of customer deductions and discounts, VAT and other sales-related taxes. The Group recognises revenue net of customer deductions and discounts in the period in which the arrangement applies only when it is highly probable a significant reversal in the cumulative amount of revenue will not occur. The Group does not expect to have any contracts where the period between transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money. For goods returned, the Group will recognise an obligation and reduce revenue accordingly.

CUSTOMER DEDUCTIONS

Consistent with standard industry practice, the Group has arrangements with its customers providing volume-related rebates, marketing and promotional funding contributions, discounts or lump sum incentives. These costs are recognised as a reduction to revenue, as they are considered to be an adjustment to the selling price for the Group's products. Sometimes the payment of this support is subject to the Group's customers performing specified actions or satisfying certain performance conditions associated with the purchase of products from the Group. These include achieving agreed purchase volume targets and providing promotional marketing materials/activities. Whilst there is no standard definition, these amounts payable to customers are generally termed 'customer deductions'.

Volume-based rebates, which are calculated on the Group's estimate of rebates, are expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract. When the Group has satisfied its performance obligations, the customer will make payment in line with agreed payment terms.

The Group recognises these costs as a deduction from revenue based upon the terms of the relevant arrangement in place. Amounts payable relating to customer deduction arrangements are recognised within accruals except in cases where the Group has a legal right of set-off and intends to offset against amounts due from that customer.

LEASES

IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 30 December 2018.

Under IFRS 16, all leases (except as noted below) are accounted for as follows:

- Recognise the right-of-use assets and lease liabilities in the Consolidated statement of financial position, initially measured at the present value of future lease payments. Future lease payments are discounted at the Group's weighted average incremental borrowing rate;
- Use the lease term specified in the contract. Where there are termination options in the contract it is assumed that these will not be exercised; and
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the Consolidated income statement.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities, whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

2. Significant accounting policies continued
Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 'Impairment of Assets' and any impairment is provided for by writing down the asset value.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis over the lease term as permitted by IFRS 16 paragraph 6. This expense is presented within other expenses in the Consolidated income statement.

In the statement of cash flows, the Group as a lessee will classify:

- Cash payments for the principal portion of the lease liability within financing activities;
- Cash payments for the interest portion of the lease liability within interest paid, in line with the policy for other types of interest; and
- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

FOREIGN CURRENCY

The individual Financial Statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in Pounds Sterling, being the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

For the purpose of presenting Consolidated Financial Statements, 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 annual average rate, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to the income statement. However, a partial disposal of a foreign operation where the Group does not lose control results in the proportionate share of accumulated exchange differences being re-attributed to non-controlling interests and is not recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

RESEARCH AND DEVELOPMENT

Research and development costs comprise all directly attributable costs necessary to create and produce new and updated products. Expenditure on research and development, where development costs do not meet the recognition criteria of IAS 38, is recognised as an expense in the period in which it is incurred.

EXCEPTIONAL ITEMS

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 the costs of transformation programmes.

RETIREMENT BENEFIT OBLIGATIONS

Defined contribution pension plans
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity, which then invests the contributions to buy annuities for the pension liabilities as they become due based on the value of the fund, and hence the Group has no legal or constructive obligations to pay further contributions. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Defined benefit pension plans
A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. Remeasurement, comprising actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognised outside of the income statement and presented in the statement of comprehensive income.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

Past service costs are recognised in the income statement on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs or termination benefits.

The Group recognises the first two components of defined benefit costs in the income statement.

The retirement benefit recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

SHARE-BASED PAYMENTS
An expense is recognised for goods or services acquired in a share-based transaction when the goods are obtained or the service received. The credit is booked as either a liability or in equity, depending on the type of share-based payment.

Equity-settled share-based payment transactions are transactions where Group shares are issued as consideration for goods or services. They are measured in the income statement at the fair value of the equity instrument granted at the date of grant with the corresponding amount booked to equity. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The fair value calculation should reflect market-based performance conditions. The total expense will be reduced by estimates of options that will not vest (due to leavers or not meeting non-market-based performance criteria). Estimates of non-vesting are to be recalculated at each measurement date. For grants of equity instruments with market conditions, the entity shall recognise the goods and services from a counterparty who satisfies other vesting conditions, regardless of whether that market condition is satisfied.

During 2022, the Company began purchasing its own Ordinary shares from the market through an Employee Benefit Trust called the Bakkavor Group plc Employee Benefit Trust. These shares are held to satisfy share awards under the Group's share scheme plans. Own shares are recorded at cost and are deducted from equity.

TAXATION
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Tax returns are prepared to adhere to tax rules and regulations and with all transactions being fully disclosed to the tax authorities. However, the complex nature of tax sometimes means that the legislation is open to interpretation. In such cases, judgement is required to quantify the tax liability to be reflected in the Financial Statements. If there is a reasonable possibility that tax authorities may take a different view from the position taken in the filed returns, then this will be reflected in the Financial Statements in the form of a tax provision. In such cases, this provision will represent the full amount of any potential liability until the matter is agreed with the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

2. Significant accounting policies continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Where current and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated in the statement of financial position at cost less any subsequent accumulated depreciation and impairment losses.

The useful economic lives are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product lifecycle.

Depreciation is charged so as to write off the cost or valuation of assets, other than land or assets under construction, over their estimated useful lives, using the straight-line method, on the following bases:

- Buildings – maximum period of 50 years
- Plant and machinery – 1 to 20 years
- Fixtures and equipment – 3 to 5 years

Depreciation is charged to 'Other administrative costs' in the income statement.

Assets purchased through a lease agreement are recognised in property, plant and equipment and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

Right-of-use assets are depreciated over the term of the relevant lease.

Some fixtures and equipment, that comprise improvements or additions to an existing building, may be depreciated over the same period as the related building, which could be longer than five years.

Reviews of the estimated remaining useful lives and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. All items of property, plant and equipment are reviewed for impairment when there are indications that the carrying value may not be recoverable. If any impairment is required, this will be recognised in 'Other administrative costs' within the Consolidated income statement.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

CAPITALISED BORROWING COSTS

Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the relevant asset is substantially complete. Borrowing costs are calculated using the Group's weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

OTHER INTANGIBLE ASSETS

Other intangible assets which include brands, customer relationships and software have finite useful lives which are determined based on a review of a combination of factors, including the asset ownership rights and the nature of the overall product lifecycle. The assets are amortised on a straight-line basis over their determined useful life.

The amortisation charge for brands, customer relationships and customer contracts is recognised as an expense over ten years and is charged to 'Other administrative costs' in the income statement.

Software-as-a-Service ("SaaS") arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received, unless the configuration and customisation activities significantly modify or customise the cloud software, in which case the costs are expensed over the SaaS contract term.

When they meet the definition of and recognition criteria for an intangible asset, cost incurred relating to the development of software code that enhance or modify existing on-premise systems are recognised as intangible assets.

The amortisation charge for software, source code, licences and development is recognised as an expense over the term of the software contract up to a maximum of ten years and is charged to 'Other administrative costs' in the Consolidated income statement.

IMPAIRMENT

Intangible assets and property, plant and equipment are tested for impairment when an event that might affect asset values has occurred. Examples of such triggering events include: significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows.

An impairment loss is recognised, in the income statement, to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from operating the assets in accordance with IAS 36 'Impairment of Assets'. Any such impairment will be recognised in 'Other administrative costs' within the Consolidated income statement.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss); and
- Those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded either in profit or loss or in OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement depends on the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Impairment losses are presented as a separate line item in the income statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Any fair value movement is recognised in the income statement and presented net within other gains and (losses) in the period in which it arises.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The Group classifies its trade receivable balances dependent on its objectives with respect to the collection of contractual cash flows. The Group operates non-recourse debtor factoring arrangements with four of its significant customers. Receivables generated from goods sold to these customers are subsequently measured at fair value through the income statement, as the objective of management is to sell the receivables (Held to sell business model). All other trade receivables are held with the objective of collecting the contractual cash flows, and so these are measured subsequently at amortised cost using the effective interest method (Held to collect business model).

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as financial assets and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2. Significant accounting policies continued

Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles of sales before 28 December 2024 or 30 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented in 'Other administrative costs' within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

FINANCIAL LIABILITIES

Financial liabilities held by the Group are classified as other financial liabilities at amortised cost and derivatives at FVPL.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest method

Finance costs are recognised on an effective interest basis for debt instruments other than those financial liabilities designated as at FVPL. The effective interest method is a method of both calculating the amortised cost of a debt instrument and allocating finance costs over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value measurement

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset, and substantially all the risks and rewards of ownership of the asset, to another entity. Financial liabilities are derecognised when and only when the Group's obligations are discharged, cancelled or expire.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 21 and 26. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written principles on the use of financial derivatives.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates interest rate swap derivatives as hedging instruments in respect of interest rate risk in cash flow hedges. The Group has designated all new forward foreign exchange contracts as cash flow hedges and hedge accounting is applied to these instruments.

The hedging relationship is documented at inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout their duration. These hedges have been designated as cash flow hedges and are expected, at inception and on an ongoing basis, to be highly effective in offsetting changes in the cash flows of hedged items.

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of 'hedging reserve', limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the 'Other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in the hedging reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. Charges/credits in relation to restructuring provisions are recognised in 'Other administrative costs' within the Consolidated income statement.

Present obligations arising from onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Where a lease contract is onerous, the onerous provision is calculated as the costs of meeting the obligations under the contract excluding lease rentals that are included as part of the lease liability.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the amount of the obligation cannot be measured reliably. A contingent liability is disclosed in the Notes to the Financial Statements and is not recognised when the possibility of an outflow is more than remote. When an outflow becomes probable, it is recognised as a provision.

3. Critical accounting judgements and key sources of estimation uncertainty

The following are areas of particular significance to the Group's Financial Statements and include the application of judgement, which is fundamental to the compilation of a set of Financial Statements:

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Presentation of exceptional items

The Group's financial performance is analysed in two ways: underlying performance (which does not include exceptional items) and exceptional items that are material and not expected to reoccur. Judgement is required as to whether items should be presented as exceptional or underlying. Exceptional items include material items that are significant in nature or non-recurring and are important to users in understanding the business. Where disclosed, items have been considered by management to meet this definition. For further details please see Note 7.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Pension obligations

The Group maintains a defined benefit pension plan for which it has recorded a pension asset. The obligations included within the overall pension asset are based on an actuarial valuation that requires a number of assumptions including discount rate, inflation rate, mortality rates and actual return on plan assets that may necessitate material adjustments to this asset/liability in the future. The assumptions used by the Group are the best estimates based on historical trends and the composition of the workforce. Details of the principal actuarial assumptions used in calculating the recognised asset/liability for the defined benefit plan, and the sensitivity of reported amounts to changes in those assumptions, are given in Note 33.

IMPAIRMENT OF GOODWILL

The recoverable amount of the US CGU is determined based on the higher of fair value less costs to sell and value-in-use calculations. The carrying amount of the US CGU is £49.3m (2023: £48.7m). The assumptions used to calculate the recoverable amount are considered to be a key source of estimation uncertainty. The key assumptions that can impact the value-in-use calculation are changes to the growth rates and operating margins applied to derive a three-year forecast. The Group has considered the impact of the assumptions used in the US CGU calculation and has conducted sensitivity analysis on the impairment tests of the CGU's carrying value. See Note 13 for further details.

4. 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 37.

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	37	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)	37	105.2	9.9	(1.5)	–	113.6
Exceptional items	7	(21.5)	(0.6)	1.9	–	(20.2)
Operating profit		83.7	9.3	0.4	–	93.4
Finance costs	9					(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
Adjusted EBITDA	37	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)	37	93.9	3.4	(3.0)	–	94.3
Exceptional items	7	2.8	(2.9)	2.9	–	2.8
Operating profit/(loss)		96.7	0.5	(0.1)	–	97.1
Finance costs						(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.

4. Segmental information continued

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%

5. Revenue

£m	2024	2023
Continuing operations		
UK	**1,948.5**	1,852.7
US	**227.7**	229.4
China	**116.5**	121.7
	2,292.7	2,203.8

Upon completion of delivery (the performance obligation), the terms of the order allow 30 to 75 days (2023: 30 to 75 days) for payment, dependent on the relevant customers' payment terms. The Group has in place trade receivable factoring arrangements. These are non-recourse arrangements which were applicable to 70.3% (2023: 69.4%) of the Group's total sales. These arrangements allow the Group to choose to factor the receivable for approved invoices and receive payment ahead of the agreed terms on a non-recourse basis.

6. Profit before tax

Profit before tax for the period has been arrived at after charging/(crediting):

£m	Note	2024	2023
Depreciation of property, plant and equipment:			
– Owned		**54.3**	56.4
– Leased		**11.6**	12.3
Research and development costs		**10.8**	9.1
Cost of inventory recognised as an expense		**1,032.4**	1,029.1
Amortisation of intangible assets	14	**2.9**	3.0
Exceptional items	7	**20.8**	(2.8)
Loss on disposal of property, plant and equipment		**–**	0.1
Share scheme charges	32	**4.2**	2.0
Foreign exchange gains	10	**(1.7)**	–
Staff costs	8	**623.6**	591.9

The analysis of the Auditors' remuneration is as follows:

£m	2024	2023
The audit of the Company's Consolidated Financial Statements	**0.5**	0.4
The audit of the Company's subsidiaries pursuant to legislation	**1.0**	0.8
Total audit fees	**1.5**	1.2

Non-audit fees of £59,000 (2023: £45,000) were paid to the Group's Auditors for permitted audit-related assurance and other services.

7. 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	9	**(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 9 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.

8. Staff costs

The average monthly number of employees (including Executive Directors) during the period was:

	2024 number	2023 number
Production	**14,675**	14,906
Management and administration	**2,321**	2,345
Sales and distribution	**893**	885
	17,889	18,136

Their aggregate remuneration comprised:

£m	Note	2024	2023
Wages and salaries		**544.4**	515.7
Social security and other costs		**66.4**	63.1
Other pension costs	33	**12.8**	13.1
		623.6	591.9

Details of the emoluments paid to Directors are included from page 132 in the Directors' remuneration report and in Note 34.

9. 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	25	**(1.3)**	(0.9)
Total finance costs pre exceptionals		**(26.4)**	(27.4)
Exceptional finance costs	7	**(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'.

10. Other gains

£m	Note	2024	2023
Foreign exchange gains	26	**1.7**	–
		1.7	–

11. Tax charge

£m	Note	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)	22	**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 FY24. 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 37).

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
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.

12. 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 37.

13. Goodwill

£m	
Cost	
At 1 January 2023	708.6
Exchange differences	(4.0)
At 30 December 2023	704.6
Exchange differences	0.5
At 28 December 2024	**705.1**
Accumulated impairment losses	
At 1 January 2023	(53.5)
Exchange differences	1.4
At 30 December 2023	(52.1)
Exchange differences	0.1
At 28 December 2024	**(52.0)**
Carrying amount	
At 28 December 2024	**653.1**
At 30 December 2023	652.5

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs or group of CGUs that are expected to benefit from that business combination. The carrying value of goodwill has been allocated to CGU groupings as follows:

£m	28 December 2024	30 December 2023
UK	**603.8**	603.8
US	**49.3**	48.7
China	**–**	–
	653.1	652.5

The recoverable amounts of the CGUs or groups of CGUs are determined based on value-in-use calculations. There was no impairment recognised during the period (2023: £nil).

The key assumptions used in the impairment reviews for the CGUs that held goodwill at 28 December 2024 and 30 December 2023 were as follows:

- Cash flow forecasts: Cash flow forecasts are based on the most recent financial budget approved by the Group Board; the FY25 budget and a three-year plan (2023: three years). Revenue growth rates are based on management growth forecasts based on industry experience, and changes in selling prices. Direct costs are based on past practices and expectations of future changes in the market. The forecasts also take account of the current risks faced by the business including cost inflation and associated price recovery leading to a potential impact on consumer demand. The cash flows also include an assumption on maintenance capital expenditure required by the business over the forecast period.

As the Group is committed to achieving net zero carbon emissions across our Group operations by 2040, an estimate of the future costs and capital expenditure required to meet this commitment has been included in the forecast value-in-use calculations and sensitivity analysis. The Group defines operating cash flows for the value-in-use calculations as adjusted EBITDA, after deducting maintenance capital expenditure for the relevant CGUs.

- Long-term growth rates: For periods beyond the three-year plan, the cash flows are extrapolated using a perpetuity growth rate of 2.0% (2023: 2.0%) for the UK and 2.1% for the US (2023: 2.1%). The terminal values include an estimate of carbon costs from 2040.
- Discount rates: Management uses pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The present value of the future cash flows is calculated using a pre-tax discount rate of 10.7% (2023: 9.3%) for the UK and 10.5% for the US (2023: 9.2%). The pre-tax discount rates are based on the Group's weighted average cost of capital.

The headroom for each CGU based on the impairment review as at 28 December 2024 is as follows:

£m	UK	US
Headroom of impairment test based on management assumptions	434.8	117.9

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value using the following assumptions under three scenarios, none of which indicate an impairment is likely: (i) a 10% reduction in EBITDA, (ii) nil sales growth from 2025 and EBITDA margin flat, and (iii) a combination of reduction in sales, unrecovered inflation and reduced factory performance.

Specifically in the US CGU, which has lower levels of headroom, the US operating cash flows are primarily driven by adjusted EBITDA. This could be negatively impacted by loss of revenue or from lower operating margins. If operating cash flows were 35% lower and no mitigating actions were taken, this would result in no headroom.

There were no CGU impairments identified as a result of the applied sensitivity analysis in 2024.

14. Other intangible assets

£m	Note	Brands	Customer relationships	Software	Total
Cost					
At 1 January 2023		–	89.6	16.4	106.0
Reclassified from property, plant and equipment	15	–	–	2.2	2.2
Additions		–	–	3.4	3.4
Exchange differences		–	(0.4)	–	(0.4)
At 30 December 2023		–	89.2	22.0	111.2
Reclassified to property, plant and equipment	15	–	–	(0.8)	(0.8)
Acquired on acquisition of subsidiary	29	1.9	–	–	1.9
Additions		–	–	7.0	7.0
Exchange differences		–	0.1	–	0.1
At 28 December 2024		**1.9**	**89.3**	**28.2**	**119.4**
Accumulated amortisation and impairment					
At 1 January 2023		–	(88.4)	(8.8)	(97.2)
Charge for the period		–	(0.9)	(2.1)	(3.0)
Reclassified from property, plant and equipment	15	–	–	(0.8)	(0.8)
Exchange differences		–	0.3	–	0.3
At 30 December 2023		–	(89.0)	(11.7)	(100.7)
Charge for the period		(0.1)	(0.1)	(2.7)	(2.9)
Reclassified to property, plant and equipment	15	–	–	0.3	0.3
At 28 December 2024		**(0.1)**	**(89.1)**	**(14.1)**	**(103.3)**
Carrying amount					
At 28 December 2024		**1.8**	**0.2**	**14.1**	**16.1**
At 30 December 2023		–	0.2	10.3	10.5

Software in the table above includes internally generated costs of £9.1m and accumulated amortisation of £5.6m, with a net book value of £3.5m.

15. Property, plant and equipment

£m	Note	Land and buildings	Plant and machinery	Fixtures and equipment	Total
Cost					
At 1 January 2023		390.8	703.2	113.7	1,207.7
Additions		11.0	31.1	5.1	47.2
Disposals		(5.5)	(17.3)	(1.8)	(24.6)
Reclassified to intangible assets	14	–	(1.9)	(0.3)	(2.2)
Exchange differences		(7.3)	(6.2)	(1.1)	(14.6)
At 30 December 2023		389.0	708.9	115.6	1,213.5
Additions		6.9	39.7	11.7	58.3
Disposals		(0.2)	(25.6)	(2.9)	(28.7)
Disposals related to sale of business		–	(3.4)	(0.7)	(4.1)
Reclassified from intangible assets	14	–	–	0.8	0.8
Reclassified as held for sale		(3.5)	(2.1)	(4.3)	(9.9)
Exchange differences		0.6	0.4	(0.1)	0.9
At 28 December 2024		**392.8**	**717.9**	**120.1**	**1,230.8**
Accumulated depreciation and impairment					
At 1 January 2023		(155.4)	(438.6)	(65.6)	(659.6)
Charge for the period		(20.9)	(35.5)	(12.3)	(68.7)
Impairment		–	(2.9)	–	(2.9)
Disposals		0.6	16.7	1.8	19.1
Reclassified to intangible assets	14	–	0.6	0.2	0.8
Exchange differences		2.5	2.5	0.7	5.7
At 30 December 2023		(173.2)	(457.2)	(75.2)	(705.6)
Charge for the period		(20.3)	(34.1)	(11.5)	(65.9)
Impairment		(1.5)	(12.2)	(1.8)	(15.5)
Disposals		0.1	25.2	2.9	28.2
Disposals related to sale of business		–	1.6	0.3	1.9
Reclassified from intangible assets	14	–	–	(0.3)	(0.3)
Reclassified as held for sale		3.5	2.1	4.3	9.9
Exchange differences		(0.3)	(0.2)	–	(0.5)
At 28 December 2024		**(191.7)**	**(474.8)**	**(81.3)**	**(747.8)**
Carrying amount					
At 28 December 2024		**201.1**	**243.1**	**38.8**	**483.0**
At 30 December 2023		215.8	251.7	40.4	507.9

Included within land and buildings is freehold land held at historic cost of £11.5m (2023: £11.5m). Freehold land is not depreciated.

The carrying value of the Group's plant and machinery includes an amount of £nil (2023: £0.1m) in respect of assets held under leases previously recognised as finance leases before the introduction of IFRS 16.

The carrying value of the Group's land and buildings and plant and machinery includes an amount of £73.8m (2023: £79.5m) in respect of assets held under IFRS 16 Leases. Further details of these leases are disclosed in Note 23.

The carrying value of the Group's plant and machinery includes an amount of £31.2m (2023: £35.9m) in respect of assets held as security under Asset Finance Facilities. Further details of these facilities are disclosed in Note 20. At 28 December 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £10.4m (2023: £4.2m).

Assets are not depreciated until they are brought into use. At 28 December 2024, a total of £44.1m (2023: £31.7m) of other assets were in progress and had not been brought into use.

During 2024 there was a net book value £0.5m of 'Intangible assets' that was reclassified to 'Property, plant and equipment'. In 2023, there was a net book value £1.4m of 'Intangible assets' that was reclassified from 'Property, plant and equipment'.

In 2024, the Group incurred an impairment charge of £15.5m which is included in 'Other administrative costs' within the income statement. Of this, £15.2m is recognised as an exceptional cost (see Note 7) comprising: £12.4m impairment of assets at a UK site planned to close, £2.2m impairment of Hong Kong assets (see detail below) and £0.6m related to the impairment of a US asset.

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 (see Note 7). This results in £2.3m of assets held for sale and £3.0m of liabilities held for sale.

When reviewing for impairment, the Group has assessed the current and forecast profit and cash flows for each CGU which includes an assessment of an estimate of the potential impact of the Group's net zero commitment in terms of capital costs of decarbonisation or purchasing carbon credits. In the Asia CGU, headroom exists when reviewing for impairment, but the estimation of the future costs of carbon credits is subject to uncertainty and is a material cost input to the model.

During 2023, an impairment charge of £2.9m was recognised on plant and machinery. This related to an impairment charge of £3.5m in the US sector relating to 2023, net of the reversal of a £0.6m impairment that was recognised in the UK sector in 2022. These were included within 'Other administrative costs' as exceptional items (Note 7).

16. Subsidiaries

The Group consists of a Parent Company, Bakkavor Group plc, incorporated in the UK, and a number of subsidiaries held directly and indirectly by Bakkavor Group plc. Note 5 to the Company's separate Financial Statements provides details of the interests in subsidiaries.

17. Inventories

£m	**28 December 2024**	30 December 2023
Raw materials, packaging and consumables	**68.3**	60.1
Work-in-progress	**3.6**	2.6
Finished goods	**10.6**	8.6
	82.5	71.3

There is no material difference between the book value and replacement cost of inventories.

18. Trade and other receivables

£m	**28 December 2024**	30 December 2023
Amounts receivable from trade customers	**159.5**	142.6
Expected credit loss	**(2.5)**	(1.3)
Net amounts receivable from trade customers	**157.0**	141.3
Other receivables	**22.8**	17.0
Prepayments	**15.6**	13.4
	195.4	171.7

During the period, the Group has continued to operate trade receivable factoring arrangements. These are non-recourse arrangements and therefore amounts are de-recognised from trade receivables. At 28 December 2024, £138.3m was drawn under factoring facilities (2023: £145.2m) representing cash collected before it was contractually due from the customer.

As at 28 December 2024, the Group's 'Amounts receivable from trade customers' includes £83.7m (2023: £72.8m) which could be factored under the non-recourse trade receivable factoring arrangement.

The average credit period taken on sales of goods is 25 days (2023: 23 days). An expected credit loss allowance has been made for estimated irrecoverable amounts from the sale of goods of £2.5m (2023: £1.3m). Expected credit loss allowances against receivables are made on a specific basis based on objective evidence and previous default experience as well as with reference to assumptions about the risk of default and expected future loss rates. Receivables are therefore deemed past due but not impaired when the contractual obligation to pay has been exceeded, but as yet no objective evidence or previous default experience indicates this debt will be irrecoverable, while assumptions about the risk of default remain unchanged.

The Directors consider that the carrying amount of trade and other receivables from customers approximates to their fair value due to their short-term nature.

The 'Other receivables' amount mainly relates to non-specific amounts, the largest of which is recoverable VAT.

18. Trade and other receivables continued

The following table is an ageing analysis of net trade receivables from customers:

£m	28 December 2024	30 December 2023
Not past due	**149.0**	133.8
Past due by 1 – 30 days	**6.0**	6.2
Past due by 31 – 60 days	**1.2**	0.9
Past due by 61 – 90 days	**0.8**	0.4
Past due by more than 90 days	**–**	–
	157.0	141.3

There was no impact from trade receivables renegotiated in 2024 that would have otherwise been past due or impaired (2023: no impact).

The four major customers of the Group, representing 74.5% (2023: 73.9%) of the Group's revenue from continuing operations, hold favourable credit ratings. On this basis, the Group does not see any need to charge interest or seek collateral or credit enhancements to secure any of its trade receivables due to their short-term nature. The Group does not consider that it is exposed to any significant credit risk other than that provided against and therefore the carrying amount of trade receivables represents the expected recoverable amount and there is no further credit risk exposure.

The following table is an analysis of the movement of the expected credit loss for the Group's trade receivables:

£m	2024	2023
Balance at beginning of the period	**(1.3)**	(3.6)
Allowances recognised against receivables	**(3.4)**	(1.7)
Amounts written off as uncollectible during the period	**1.8**	2.8
Amounts recovered during the period	**0.4**	0.7
Allowance reversed	**–**	0.5
Balance at end of the period	**(2.5)**	(1.3)

19. Cash and cash equivalents

£m	28 December 2024	30 December 2023
Cash and cash equivalents	**29.9**	36.6

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

The carrying amount of these assets approximates their fair value.

20. 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 Facility ("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 $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 as set out in Note 26. 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)

21. Derivative financial instruments

£m	28 December 2024	30 December 2023
Designated in a hedging relationship:		
Foreign currency contracts	–	0.1
Interest rate contracts	–	0.8
Included in non-current assets	–	0.9
Foreign currency contracts	0.2	0.3
Interest rate contracts	1.0	1.8
Included in current assets	1.2	2.1
Foreign currency contracts	(2.1)	(0.5)
Interest rate contracts	–	–
Included in current liabilities	(2.1)	(0.5)
Foreign currency contracts	–	(0.1)
Interest rate contracts	–	(0.7)
Included in non-current liabilities	–	(0.8)
Total	(0.9)	1.7

Derivative financial instruments are subject to enforceable master netting agreements. However, they are not set off on the balance sheet. Under the terms of these arrangements, only where certain credit events occur (such as default), will the net position owing/receivable to a single counterparty in the same currency be taken as owing and all the relevant arrangements terminated.

Further details of derivative financial instruments are provided in Note 26.

22. 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)
(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.

23. Lease liabilities

The Group leases assets including land and buildings and plant and machinery that are held within property, plant and equipment. Information about leases for which the Group is a lessee is presented below.

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT RELATING TO LEASES

The Group has split the net book value of property, plant and equipment relating to leases between amounts previously recognised as finance leases under IAS 17 and amounts recognised as right-of-use assets under IFRS 16. This allows management to review performance excluding IFRS 16, as set out in Note 37, Alternative performance measures.

£m	**28 December 2024**	30 December 2023
Net book value of leased property, plant and equipment excluding right-of-use assets	**0.1**	0.2
Net book value of right-of-use assets	**73.8**	79.5
	73.9	79.7

NET BOOK VALUE OF RIGHT-OF-USE ASSETS

£m	Land and buildings	Plant and machinery	Total
At 1 January 2023	85.0	1.7	86.7
Additions	10.6	0.4	11.0
Disposals	(4.8)	–	(4.8)
Depreciation charge	(11.2)	(0.9)	(12.1)
Exchange differences	(1.3)	–	(1.3)
At 30 December 2023	78.3	1.2	79.5
Additions	4.1	2.2	6.3
Depreciation charge	(10.9)	(0.7)	(11.6)
Impairment	(0.7)	–	(0.7)
Exchange differences	0.2	0.1	0.3
At 28 December 2024	**71.0**	**2.8**	**73.8**

23. Lease liabilities continued

LEASE LIABILITIES

£m	Present value of minimum lease payments 28 December 2024	30 December 2023
Amounts payable under leases:		
Within one year	**12.1**	11.6
In the second to fifth years inclusive	**27.9**	32.1
Over five years	**44.3**	46.8
Present value of lease obligations	**84.3**	90.5
Analysed as:		
Amount due for settlement within 12 months	**12.1**	11.6
Amount due for settlement after 12 months	**72.2**	78.9
	84.3	90.5

The Group has split the lease liabilities between liabilities previously recognised as finance leases under IAS 17 and liabilities recognised under IFRS 16. This allows management to review both the Group net debt, as set out in Note 20, Borrowings, and the Group operational net debt as set out in Note 37, Alternative performance measures.

£m	28 December 2024	30 December 2023
Lease liabilities relating to leases previously recognised under IAS 17	**0.1**	0.2
Lease liabilities relating to leases recognised under IFRS 16	**84.2**	90.3
	84.3	90.5

The weighted average lease term outstanding is 13.7 years (2023: 13.0 years). For 2024, the weighted average incremental borrowing rate was 3.5% (2023: 3.2%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's lease obligations are secured by the lessors' rights over the leased assets.

The Group utilises the exemption from capitalising short-term and low-value leases where the relevant criteria are met. The expenses relating to these lease types are disclosed below.

AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

£m	2024	2023
Interest on lease liabilities recognised under IFRS 16	**2.7**	3.0
Expenses relating to low-value leases	**2.2**	3.3
Expenses relating to short-term leases	**1.4**	1.6
	6.3	7.9

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS

£m	2024	2023
Cash outflow for lease principal payments	**12.1**	12.3
Cash outflow for lease interest payments	**2.7**	3.0
Total cash outflow for leases	**14.8**	15.3

24. Trade and other payables

£m	28 December 2024	30 December 2023
Trade payables	**297.9**	262.4
Other taxation	**2.3**	2.2
Other payables	**28.0**	26.7
Accruals and deferred income	**164.5**	156.3
Trade and other payables due within one year	**492.7**	447.6

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 65 days (2023: 64 days). No interest is incurred against trade payables.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

During the year, the Group has continued to operate an arrangement which provides financing for the Group's suppliers. This is a voluntary programme that potentially gives suppliers earlier access to cash. At 28 December 2024, trade payables amounting to £51.2m (2023: £42.7m) were subject to these arrangements. These balances are classified as trade payables, and the related payments as cash flows from operating activities, since the original obligation to the supplier remains and has not been replaced with a new obligation to the bank.

Other payables include the Group's liabilities in respect of payroll taxes.

25. Provisions

£m	Onerous contracts	Dilapidation provisions	Legal and other provisions	Restructuring provisions	Total
At 1 January 2023	1.7	19.3	1.2	14.8	37.0
Utilisation of provision	–	–	–	(9.7)	(9.7)
Additional provision in the year	–	0.4	1.0	–	1.4
Release of provision	–	(0.3)	(1.0)	(2.2)	(3.5)
Unwinding of discount	0.2	0.7	–	–	0.9
Exchange differences	–	–	–	–	–
At 30 December 2023	1.9	20.1	1.2	2.9	26.1
Included in current liabilities	0.4	5.9	1.2	2.9	10.4
Included in non-current liabilities	1.5	14.2	–	–	15.7
At 31 December 2023	1.9	20.1	1.2	2.9	26.1
Utilisation of provision	–	–	(0.2)	(2.1)	(2.3)
Additional provision in the year	–	–	2.4	8.5	10.9
Release of provision	–	–	(1.2)	(0.6)	(1.8)
Unwinding of discount	0.3	1.0	–	–	1.3
Exchange differences	–	–	–	–	–
At 28 December 2024	**2.2**	**21.1**	**2.2**	**8.7**	**34.2**
Included in current liabilities	**0.4**	**4.6**	**2.2**	**8.7**	**15.9**
Included in non-current liabilities	**1.8**	**16.5**	**–**	**–**	**18.3**

Onerous contracts provisions relate to the Group's leased vacant properties. The onerous contract provision has been calculated as the discounted total expected costs for occupying the properties (including service charges but excluding lease rentals and rates) through to the break clause. The provisions will be utilised over the term of the individual leases to which they relate. These leases expire within 15 years.

Dilapidation provisions relate to estimated obligations under various property leases to ensure that, at the end of the leases, the buildings are in the condition agreed with the landlords. The provisions will be utilised at the end of the individual lease terms to which they relate, which range from 1 to 26 years.

The legal and other provisions, which are expected to be settled within 12 months, are assessed by utilising Group experience, legal and professional advice and other commercial factors to reasonably estimate present obligations across the Group. These obligations are varied and depend on future events which are by their nature uncertain. The Group has taken this uncertainty into account and considers the provision to be reasonable in the circumstances.

During 2024, a restructuring provision was recognised for the closure of one of our UK sites; £8.5m of closure costs were provided (see Note 7), with the cash outflow expected in 2025.

During 2022, a restructuring provision was recognised for the closure of two of our UK sites and the costs of a corporate restructuring. At 30 December 2023, £2.9m of these provisions remained and all but £0.2m of these provisions have been utilised or released during 2024.

26. Financial instruments

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of borrowings, as disclosed in Note 20, and cash equivalents and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its capital by collating timely and reliable information to produce various internal reports such as capital expenditure and weekly net debt reports, which enable the Board of Directors to assess the Group's capital and manage that capital effectively and in line with the Group's objectives. The gearing of the Group is constantly monitored and managed to ensure that the ratio between debt and equity is at an acceptable level of less than 50%. This enables the Group to operate as a going concern and maximise stakeholders' return.

GEARING RATIO

The gearing ratio at the period end was as follows:

£m	28 December 2024	30 December 2023
Debt (excluding IFRS 16 lease liabilities)	**222.4**	265.6
Cash and cash equivalents	**(29.9)**	(36.6)
Net debt	**192.5**	229.0
Equity	**616.1**	607.6
Net debt to net debt plus equity	**23.8%**	27.4%

Debt is defined as long- and short-term borrowings, as disclosed in Note 20, and lease liabilities payable in Note 23 (excluding IFRS 16 lease liabilities: £84.2m at 28 December 2024, £90.3m at 30 December 2023).

CATEGORIES OF FINANCIAL INSTRUMENTS

£m	28 December 2024	30 December 2023
Financial assets		
Fair value through profit and loss:		
Trade receivables	**83.7**	72.8
Derivative financial instruments	**1.2**	3.0
Measured at amortised cost:		
Trade receivables	**73.3**	68.5
Other receivables	**8.7**	5.4
Cash and cash equivalents	**29.9**	36.6
	196.8	186.3

£m	28 December 2024	30 December 2023
Financial liabilities		
Fair value through profit and loss:		
Derivative financial instruments	**2.1**	1.3
Other financial liabilities at amortised cost:		
Trade payables	**297.9**	262.4
Other payables	**13.3**	15.0
Accruals	**163.7**	155.3
Borrowings	**222.3**	265.4
Lease liabilities	**84.3**	90.5
	783.6	789.9

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

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

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

FINANCIAL RISK MANAGEMENT

The Group is exposed to a number of financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise and mitigate against these risks where possible, and does this by constantly monitoring and using a range of measures including derivative financial instruments. Use of financial instruments is governed by Group policies which are approved by the Board. The Treasury function does not operate as a profit centre, makes no speculative transactions and only enters into or trades financial instruments to manage specific exposures.

MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate the risk of rising interest rates; and
- Forward foreign exchange contracts to hedge the exchange rate risk arising on purchases in foreign currencies.

Market risk exposures are supplemented by sensitivity analysis. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk.

FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency risk management occurs at a transactional level on purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. All transactional risks, cash flow forecasts and related hedges are reviewed by the Group Hedging Committee and Group Treasury, at least quarterly, to monitor foreign exchange rates and confirm the appropriateness of the Group's hedged cover.

The Group's main foreign exchange risk is to the Euro and US dollar.

During the 52-week period to 28 December 2024, the Euro weakened against Sterling by 4.7% (2023: 52-week period weakened by 2.0%), with the closing rate at €1.2060 compared with €1.1518 at the prior period end. The average rate for the 52-week period to 28 December 2024 was €1.1814 (2023: 52-week period at €1.1503), a 2.7% weakening (2023: 1.9% strengthening) of the Euro versus the prior period.

In the same period, the US dollar strengthened against Sterling by 1.3% (2023: weakened by 5.5%), with the closing rate at $1.2571 compared with $1.2739 at the prior period end. The average rate for the 52-week period to 28 December 2024 was $1.2778 (2023: $1.2441), a 2.7% weakening (2023: 0.5% weakening) of the US dollar versus the prior period.

The net foreign exchange impact on profit from transactions was a £1.7m gain (2023: £nil) – see Note 10.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/equity where Sterling strengthens 10% against the relevant currency.

	Profit or (loss) 10% strengthening in currency		Profit or (loss) 10% weakening in currency	
£m	**2024**	2023	**2024**	2023
Euro	**2.6**	2.6	**(3.2)**	(3.1)
USD	**1.8**	2.9	**(2.2)**	(3.6)
HKD	**(0.1)**	(0.2)	**0.1**	0.2
RMB	**(0.7)**	(0.8)	**0.8**	1.0

FOREIGN EXCHANGE CONTRACTS

It is the policy of the Group to enter into foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into foreign exchange contracts to manage the risk and cash flow exposures associated with anticipated purchase transactions.

The Group has applied hedge accounting to its forward contracts that were put in place on or after 27 December 2020. The transactions and forward contracts are designated with a hedge ratio of 1:1. The fair value of forward contracts at the reporting date is determined by the difference between foreign currency spot rate and strike rate of the contract, discounted to present value. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of contract counterparties.

26. Financial instruments continued

The following table details Sterling foreign currency contracts outstanding as at 28 December 2024, which were entered into on or after 27 December 2020, for which hedge accounting is applied:

	Foreign currency (m)		Average exchange rate		Contract value (£m)		Fair value movement (£m)	
Outstanding contracts	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Net Euros:								
3 months or less	**34.1**	33.5	**1.18**	1.14	**29.3**	29.2	**(0.9)**	(0.1)
3 to 6 months	**39.3**	37.4	**1.18**	1.14	**33.5**	32.7	**(0.8)**	(0.1)
6 to 12 months	**32.2**	43.3	**1.18**	1.14	**27.4**	37.9	**(0.3)**	0.1
Over 12 months	**–**	5.0	**–**	1.15	**–**	4.4	**–**	–
Net US dollars:								
3 months or less	**15.6**	6.2	**1.27**	1.25	**12.3**	5.0	**0.1**	(0.1)
3 to 6 months	**0.7**	4.3	**1.29**	1.27	**0.5**	3.4	**–**	–
6 to 12 months	**0.9**	4.4	**1.30**	1.26	**0.7**	3.5	**–**	(0.1)
Over 12 months	**–**	0.4	**–**	1.28	**–**	0.3	**–**	–
					103.7	116.4	**(1.9)**	(0.3)

The following tables detail various information regarding forward contracts, for which hedge accounting is applied, outstanding at the end of the reporting period and their related hedged items.

	Average contracted exchange rate		Contract value (£m)		Carrying amount of the hedging instrument assets/(liabilities) (£m)		Change in fair value used for calculating hedge ineffectiveness (£m)	
Hedging instruments	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Forward contracts – EUR	**1.18**	1.14	**90.2**	104.2	**(2.0)**	(0.1)	**(5.4)**	(4.1)
Forward contracts – USD	**1.27**	1.26	**13.5**	12.2	**0.1**	(0.1)	**0.1**	(0.1)

	Nominal amount of the hedge item (liabilities) (Foreign currency m)		Change in value used for calculating hedge ineffectiveness (£m)		Balance in cash flow hedge reserve for continuing hedges (£m)		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied (£m)	
Hedging items	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Foreign currency purchases – EUR	**105.6**	119.2	**2.0**	0.1	**(2.0)**	(0.1)	**–**	–
Foreign currency purchases – USD	**17.2**	15.3	**(0.1)**	0.1	**0.1**	(0.1)	**–**	–

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve:

	Current period hedging losses recognised in OCI (£m)		Amount of hedge ineffectiveness recognised in profit or loss (£m)		Line item in the income statement in which hedge ineffectiveness is included	Due to hedged future cash flows being no longer expected to occur (£m)		Line item in which adjustment is included
Hedged items	**2024**	2023	**2024**	2023		**2024**	2023	
Foreign currency purchases	**(5.3)**	(4.2)	**–**	–	Other gains and losses	**–**	–	Inventory

INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of derivative financial instruments such as interest rate swaps and caps to minimise the risk associated with variable interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. Use of interest rate derivatives is governed by Group policies which are approved by the Board.

INTEREST RATE SENSITIVITY ANALYSIS

Interest rate sensitivity analysis has been performed on borrowings as set out in Note 20, net of existing interest rate swaps, to illustrate the impact on Group profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

£m	**(Loss)/profit 2024**	(Loss)/profit 2023
Effects of 100 basis points increase in interest rate	**(0.7)**	(0.8)
Effects of 100 basis points decrease in interest rate	**0.7**	0.8

It is assumed that all other variables remain the same when preparing the interest rate sensitivity analysis. In addition, interest rate sensitivity analysis has been performed on amounts owed under the Group's trade receivables factoring arrangement. A 100 basis points increase or decrease has been used as this is management's assessment of reasonably possible changes in interest rates.

£m	(Loss)/profit 2024	(Loss)/profit 2023
Effects of 100 basis points increase in interest rate	**(1.4)**	(1.4)
Effects of 100 basis points decrease in interest rate	**1.4**	1.4

CREDIT RISK MANAGEMENT

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the financial assets measured at amortised cost held in the statement of financial position.

The Group's main credit risk is attributable to its trade receivables. The Group's top four customers, all leading UK retailers, represent more than 74.5% (2023: 73.9%) of the Group's revenue from continuing operations. These customers have favourable credit ratings and consequently reduce the credit risk for the Group's overall trade receivables.

Processes are in place to manage receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of changes of circumstances for specific customers. The amounts presented in the statement of financial position are net of appropriate allowance for doubtful trade receivables, specific customer risk and assessment of the current economic environment. The carrying amount of financial assets recorded in the Financial Statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. Group policy dictates that Group deposits are shared between banks that are counterparties in the Group's committed bank facilities to spread the risk. The Group's current bank facilities comprise a £150m Term Loan (2023: £225.0m) and a £200m RCF facility (2023: £230.0m), through a bank syndicate. Coöperatieve Rabobank U.A. is the syndicate agent of this facility and it manages the syndicate and participation with other counterparties.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

£m	28 December 2024	30 December 2023
UK	**149.9**	126.6
US	**15.1**	14.1
China	**15.7**	17.6
	180.7	158.3

The expected credit losses on trade receivables are calculated locally by financial teams. These allowances are based on assumptions about the risk of default (when it is reasonably probable that no future economic benefit will arise from the financial asset) and expected loss rates. The Group uses judgement in making these assumptions with regards to customer credit ratings, credit risk characteristics and the days past due based on the Group's history and existing market conditions. Generally, the expected credit loss becomes 100% of the trade receivable once it is past due by 91 days; as at 28 December 2024 there were £2.2m (2023: £0.9m) of trade receivables past due by 91 days. This figure has been included in the expected credit loss of £2.5m (2023: £1.3m). The Group will generally write-off any trade receivables relating to customers that are in administration.

INTEREST RATE SWAP CONTRACTS

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed- and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year. £150m of the floating debt is designated with quarterly interest payment dates and is offset by an interest rate swap with the same critical terms, with a designated hedge ratio of 1:1. Sources of hedge ineffectiveness are a reduction or modification in the hedged item or a material change in the credit risk of swap counterparties.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying interest rates.

26. Financial instruments continued

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

Hedging instruments	Average contracted fixed interest rate (%) 2024	2023	Notional principal value (£m) 2024	2023	Carrying amount of the hedging instrument assets (£m) 2024	2023	Change in fair value used for calculating hedge ineffectiveness (£m) 2024	2023
Interest rate swaps maturing 13 March 2024	**–**	0.4	**–**	150.0	**–**	1.8	**(1.8)**	(5.6)
Interest rate swaps commencing 13 March 2024 maturing 13 March 2026	**3.7**	3.7	**130.0**	130.0	**1.0**	0.1	**0.9**	(0.9)

Hedging items	Nominal amount of the hedged item (liabilities) (£m) 2024	2023	Change in value used for calculating hedge ineffectiveness (£m) 2024	2023	Balance in cash flow hedge reserve for continuing hedges (£m) 2024	2023	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied (£m) 2024	2023
Variable rate borrowings	**(130.0)**	(280.0)	**(0.9)**	(6.5)	**1.0**	1.9	**–**	–

The following table details the effectiveness of the hedging relationship and the amounts reclassified from hedging reserve to income statement:

Hedged items	Current period hedging (losses) recognised in OCI (£m) 2024	2023	Amount of hedge ineffectiveness recognised in profit or loss (£m) 2024	2023	Line item in the income statement in which hedge ineffectiveness is included	Amount reclassified to income statement due to hedged future cash flows being no longer expected to occur (£m) 2024	2023	Line item in income statement in which reclassification adjustment is included
Variable rate borrowings	**(0.9)**	(6.5)	**–**	–	Other gains and losses	**–**	–	Finance costs

When interest amounts are paid or received on its interest rate swap contracts, the Group recognises the expenses or income in the income statement. During 2024, the net amount received and recognised against expenses in finance costs was £3.2m (2023: £6.8m). After payment or receipt the hedge is revalued and movements are recognised as a movement in the hedging reserve.

COMMODITY RISK MANAGEMENT

The Group acquires substantial quantities of raw materials for its operations. The Group is therefore exposed to commodity price and supply risks for these raw materials. The Group takes action to reduce overall material costs and exposure to price fluctuations by sourcing raw materials from suppliers all over the world, thereby decreasing geographic risk. It also frequently tenders to benchmark market prices. In general, requirements are managed using contracts for periods of between 3-12 months forward. The Group also manages any local currency exposure in line with agreed contracts. As at 28 December 2024, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials of £180.4m (2023: £200.0m).

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk that the Group may not be able to fund the day-to-day running of the Group. The Group manages liquidity risk by monitoring actual and forecast cash flows to ensure that adequate liquidity is available to meet the maturity profiles of financial liabilities. The Group also monitors the drawdown of borrowings against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient funding is available for the Group's day-to-day needs. The Group maintains reasonable headroom of unused committed bank facilities in a range of maturities at least 12 months beyond the period end. As at 28 December 2024, the Group has undrawn borrowing facilities, including cash, available totalling £185m (2023: £263.0m). Please see Note 20 for further information regarding the Group's borrowings. The Group also has access to a trade factoring arrangement which provides additional liquidity to the business.

MATURITY PROFILE OF FINANCIAL LIABILITIES

The following table illustrates the Group's undiscounted contractual maturity for its undiscounted financial liabilities when they fall due.

£m	28 December 2024	30 December 2023
Non-derivatives due within one year:		
Trade payables	**297.9**	262.4
Other payables	**13.3**	15.0
Accruals	**163.7**	155.3
Borrowings[1]	**21.1**	32.2
Lease liabilities	**14.9**	14.2
Total non-derivatives due within one year	**510.9**	479.1
Non-derivatives due in the second to fifth years inclusive:		
Borrowings[1]	**250.2**	265.3
Lease liabilities	**35.9**	41.4
Total non-derivatives due in the second to fifth years	**286.1**	306.7
Non-derivatives due after five years:		
Borrowings[1]	**–**	–
Lease liabilities	**56.0**	60.4
Total non-derivatives due after five years	**56.0**	60.4

1 Borrowings' future interest costs have been calculated excluding any benefit from fixed rate interest rate swaps.

The weighted average interest rates for the Group's borrowings are found in Note 20 and in Note 23 for lease liabilities. The following table illustrates the Group's contractual maturity for derivative financial instrument liabilities when they fall due.

£m	28 December 2024	30 December 2023
Derivative financial liabilities		
Due within one year	**2.1**	0.5
Due in the second to fifth years inclusive	**–**	0.8
Total	**2.1**	1.3

ITEMS OF INCOME, EXPENSE, GAINS OR LOSSES

The following table provides an analysis of the Group's finance costs and changes in fair values by category of financial instrument:

£m	2024	2023
Finance costs and income		
On financial liabilities held at amortised cost	**(26.4)**	(27.4)
Exceptional finance costs	**(0.6)**	–
Finance income	**0.5**	0.6
Changes in fair values recognised in 'Other gains and (losses)'		
On financial liabilities held at fair value through profit and loss	**1.7**	–

27. 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.

27. Called up share capital, dividends and reserves continued

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 (refer to Note 32).

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)
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.

28. Disposals

The Group sold its 100% owned subsidiary Bakkavor (Taicang) Baking Company Limited on 28 March 2024. The Group recognised a net gain on disposal of £3.6m (net of tax) and received a net consideration of £6.3m (net of tax).

29. Acquisitions

On 17 May 2024, the Group completed the acquisition of 100% of the issued share capital of Moorish Limited ("Moorish") for a total cash consideration of £1.8m. The primary reason for the acquisition was to acquire the brand under which Moorish sells a variety of houmous products. The amounts recognised in respect of the fair value of the identifiable assets and liabilities assumed on acquisition are as set out in the table below:

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

The net cash outflow arising on acquisition was:

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

Acquisition-related costs of £0.1m were incurred and are included in 'Other administrative costs' in the Consolidated income statement. The results of Moorish have been consolidated in the Group's Consolidated income statement from 17 May 2024 and contributed £1.0m of revenue and a profit of £nil to the Group's profit for the period. If the acquisition of Moorish had been completed on the first day of the financial year, Group revenues for the period would have been £2,293.3m and Group profit would have been £55.0m. All of the intangible assets acquired relate to the brand. There are no contingent liabilities to be disclosed in relation to this acquisition.

30. 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

30. Net cash generated from operating activities continued
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.

31. Contingent liabilities and commitments

The Group may from time to time, and in the normal course of business, be subject to claims from customers and counterparties. The Group regularly reviews all of these claims to determine any possible financial loss to the Group. In addition, there are a number of legal claims or potential claims against the Group – see Note 25 for further details about legal provisions made.

The Group has the following amounts of letters of credit issued:

£m	2024	2023
Letters of credit	**5.6**	4.9

As at 28 December 2024, the Group had purchase commitments for the next 12 months to guarantee supply and price of raw materials, packaging and utilities of £180.4m (2023: £200.0m).

32. Share-based payments

The Company has a share option scheme for selected employees of the Group. Options granted under the scheme are exercisable at a discount to the estimated price of the Company's shares on the date of grant. Options expire if they remain unexercised after a period of 5 or 10 years from the date of grant, dependent on the award year. Options may be forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year were as follows:

	Number of share options		Weighted average exercise price	
	2024	2023	**2024**	2023
Outstanding at the beginning of the period	**22,988,025**	18,761,203	**£0.04**	£0.05
Granted during the period	**5,985,087**	6,143,820	**–**	–
Granted in lieu of dividends during the period	**359,104**	1,192,085	**–**	–
Exercised during the period	**(8,335,549)**	(1,003,194)	**£0.06**	£0.18
Forfeited during the period	**–**	(1,436,608)	**–**	–
Expired and lapsed during the period	**(1,785,390)**	(669,281)	**–**	–
Outstanding at the end of the period	**19,211,277**	22,988,025	**£0.01**	£0.04
Exercisable at the end of the period	**2,422,852**	8,648,087	**£0.11**	£0.05

In addition, 767,090 were outstanding at 28 December 2024 (30 December 2023: 340,521) in respect of options granted to Directors in respect of their Deferred Annual Bonus entitlement.

The average share price on the date options were exercised during the period was £1.22 (2023: £0.90).

The options outstanding at 28 December 2024 had a weighted average exercise price of £0.01 (2023: £0.04), and a weighted average remaining contractual life of 7.2 years (2023: 5.4 years).

Range of exercise prices for the share options:

	Number of share options		Weighted average exercise price	
	28 December 2024	30 December 2023	**28 December 2024**	30 December 2023
£nil	**18,848,008**	20,922,569	**–**	–
£0.01 – £1.00	**363,269**	2,065,456	**£0.76**	£0.40
Outstanding at the end of the period	**19,211,277**	22,988,025	**£0.01**	£0.04
Exercisable at the end of the period	**2,422,852**	8,648,087	**£0.11**	£0.05

2024

5,222,474 options were granted on 11 April 2024 and 102,406 were granted on 3 October 2024. These options granted had the following performance conditions for vesting:

- 265,264 vest provided the individual is an employee in April 2027.
- The remaining 4,957,210 and 102,406 vest provided the individual is an employee in April 2027 and October 2027 respectively and are subject to the following performance conditions for vesting:
  - Provided the first condition is met, 11.25% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 23 companies three years after the date of grant is at the median level. This increases up to 45% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.
  - Provided that the first condition is met, 10% of the remaining options vest provided the Group's adjusted EPS for FY26 is 10.0 pence, increasing up to 40% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 10.0 pence and 11.5 pence for that year.
  - Provided that the first condition is met, 3.75% of the remaining options vest provided the Group's greenhouse gas emissions reduce by 11,100 tonnes over the three-year period. This increases up to 15% of the remaining options based on a sliding scale if the reduction in greenhouse gas emissions is 12,210 tonnes or greater.

660,207 options were granted on 11 April 2024. These options granted had the following performance conditions for vesting:

- 220,068 vest provided that the individual is an employee in April 2027.
- The remaining 440,139 vest provided the individual is an employee in April 2027 and are subject to the following performance conditions for vesting:
  - Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for FY26 is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

2023

5,107,894 options were granted on 12 April 2023, 61,576 on 22 May 2023 and 236,316 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 282,276 vest provided the individual is an employee in April 2026.
  - Provided that the first condition is met, 50% of the remaining options vest provided the Group's TSR national rank versus a bespoke peer group of 26 companies three years after the date of grant is at the median level. This increases up to 50% of the remaining options based on a sliding scale if the Group's TSR rank three years after the date of grant is at the upper quartile level.
  - Provided that the first condition is met, 25% of the remaining options vest provided the Group's adjusted EPS for FY25 is 10.0 pence, with up to a further 50% of the remaining options vesting on a sliding scale if the Group's adjusted EPS is between 10.0 pence and 11.5 pence for that year.

479,445 options were granted on 12 April 2023 and 258,589 were granted on 12 October 2023. These options granted had the following performance conditions for vesting:

- 159,814 and 86,196 vest provided that the individual is an employee in April 2026 and October 2026 respectively.
  - Provided that the first condition is met, 25% of the remaining options vest provided the Bakkavor US adjusted EBIT margin percentage for FY25 is 6.0%, with up to a further 100% of the remaining options vesting on a sliding scale if the Bakkavor US adjusted EBIT margin percentage is between 6.0% and 8.0% for that year.

32. Share-based payments continued

The aggregate of the estimated fair values of the options granted during 2024 is £29.0m (2023: £20.1m). The following table summarises the options granted by the Company:

Date of grant	Number of options originally granted	Contractual life remaining (years)	Share price at date of grant	Expected volatility	Expected life remaining (years)	Risk-free rate	Expected dividend yield	Fair value per option
11 April 2024	1,512,059	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£0.84
11 April 2024	1,344,052	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	504,020	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	718,686	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£0.84
11 April 2024	638,832	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	239,562	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	440,139	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	265,264	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	220,068	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
11 April 2024	426,569	9.3	£1.15	41.0%	2.28	4.40%	0.00%	£1.15
3 October 2024	46,083	9.8	£1.56	37.9%	2.76	3.74%	0.00%	£1.32
3 October 2024	40,962	9.8	£1.56	37.9%	2.76	3.74%	0.00%	£1.56
3 October 2024	15,361	9.8	£1.56	37.9%	2.76	3.74%	0.00%	£1.56

The Group has used the Monte Carlo model to value its share awards. The exercise price used in the model for share options granted in 2024 is £nil (2023: £nil). The fair value of awards, which have a TSR performance condition, takes account of the likelihood of meeting these targets.

The expected volatility is a measure of the amount by which a share price is expected to fluctuate during the period. It is typically calculated based on statistical analysis of daily share prices over the length of the award period.

The Group recognised total expenses of £4.2m (2023: £2.0m) related to equity-settled share-based payment transactions in the period. The Group held equity-settled share-based awards of £1.8m (2023: equity-settled £1.1m) during the year.

33. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust- or contract-based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Company.

In the UK, the two main schemes are a defined contribution scheme, which is open to all UK employees joining the Group (full or part-time), and the Bakkavor Pension Scheme ("the Scheme"), which is a funded defined benefit scheme that provides benefits on a final salary basis and was closed to future accrual in March 2011.

UK pensions are regulated by the Pensions Regulator whose statutory objectives and regulatory powers are described on its website www.thepensionsregulator.gov.uk. Although the Company bears the financial cost of the plan, the Trustees Directors are responsible for the overall management and governance of the scheme, including compliance with all applicable legislation and regulations. The Trustees Directors are required by law to act in the interests of all relevant beneficiaries and to set certain policies; to manage the day-to-day administration of the benefits; and to set the plan's investment strategy following consultation with the Parent Company.

Pension costs charged in arriving at profit on ordinary activities before taxation were:

£m	**2024**	2023
UK defined contribution scheme net charge	**12.2**	12.7
UK defined benefit scheme net charge	**0.6**	0.4
Total charge	**12.8**	13.1

DEFINED CONTRIBUTION SCHEMES

The total cost charged to income of £12.2m (2023: £12.7m) represents contributions payable to these schemes by the Group at rates advised by the Group to all employees, subject to the minimum requirements set out in legislation. Included in accruals was £2.7m at the period-end for the defined contribution schemes' gross contributions (2023: £2.2m).

DEFINED BENEFIT SCHEMES

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. Following a hearing in June 2024, the UK Court of Appeal issued a judgement on 25 July 2024 upholding this ruling. The Company has worked with the pension scheme Trustees to review this development and consider the implications, if any, for the UK defined benefit pension fund and the Group's financial statements. At this stage, due to the legal and actuarial uncertainty regarding the potential impact of the case the Trustees are not in a position to determine any impacts on Bakkavor's scheme and the position remains under review.

An actuarial valuation of Scheme assets and the present value of the defined benefit obligation for funding purposes was carried out as at 31 March 2022. The results from this valuation were updated for IAS 19 Employee Benefits purposes to 28 December 2024 by a qualified independent actuary with Willis Towers Watson. The projected unit cost method was used to value the liabilities.

The principal assumptions used in this IAS 19 valuation were:

£m	2024	2023
Future pension increases for in-payment benefits (majority of liabilities)	**3.10%**	3.00%
Discount rate applied to Scheme liabilities	**5.55%**	4.50%
Inflation assumption (CPI)	**2.80%**	2.65%

The 2024 mortality table is based on scheme-specific postcode-fitted SAPS 3 tables with a 107% multiplier for male members and a 110% multiplier for female members. Future improvements are in line with the CMI core 2018 improvements model with an initial addition to improvements of 0.5% p.a. and a 1.25% p.a. long-term trend from 2013 onwards, giving life expectancies as follows:

	Males' expected future lifetime	Males' expected future lifetime	**Females' expected future lifetime**	Females' expected future lifetime
	2024	2023	**2024**	2023
Member aged 45	**22.8**	22.7	**25.1**	25.1
Member aged 65	**21.5**	21.4	**23.7**	23.6

The IAS 19 calculations, which are based on an approximate update of the results of the actuarial valuation of the Scheme which was carried out as at 31 March 2022, are particularly sensitive to some assumptions: for example, the discount rate, the level of assumed price inflation and the life expectancy assumption. As such, a broad indication of the sensitivity of the liabilities to each assumption is shown. The sensitivities display 'reasonably possible' changes in actuarial assumptions. The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below:

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Increase/decrease by 1.0%	Decrease £17.9m/increase £22.0m
Rate of inflation	Increase/decrease by 0.5%	Increase £6.8m/decrease £6.7m
Life expectancy	Members assumed to be one year younger than their actual age	Increase £4.3m

Amounts recognised in income in respect of these defined benefit schemes are as follows:

£m	2024	2023
Past service cost	**–**	–
Net interest (income) on net defined benefit asset/liability	**(0.6)**	(0.7)
Administration costs incurred during the period	**1.2**	1.1
Total charge	**0.6**	0.4

All of the charges for each period presented have been included in total administrative expenses. The actuarial gain of £4.9m (2023: £2.9m loss) has been reported in other comprehensive income.

The actual return on Scheme assets was a decrease of £7.8m (2023: £10.1m increase).

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£m	28 December 2024	30 December 2023
Fair value of Scheme assets	**175.9**	190.0
Present value of defined benefit obligations	**(157.1)**	(178.0)
Scheme surplus	**18.8**	12.0
Related deferred taxation liability	**(4.7)**	(3.0)
	14.1	9.0

33. Retirement benefit schemes continued

The assumptions used are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The Scheme surplus in 2024 is recognised in accordance with IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, as the Scheme's terms and conditions allow the Group to have an unconditional right to a refund of contributions when economic benefits are available.

The amounts recognised in the balance sheet and the movements in the fair value of Scheme assets and the present value of defined benefit obligation ("DBO") are as follows:

£m	Present value of DBO	Fair value of Scheme assets	Net amount
At 1 January 2023	**(173.1)**	**185.9**	**12.8**
Past service cost – plan amendments	–	–	–
Interest (expense cost on the DBO)/income on Scheme assets	(8.1)	8.8	0.7
Administrative costs paid	–	(1.1)	(1.1)
Total amount recognised in the Consolidated income statement	**(8.1)**	**7.7**	**(0.4)**
Return on Scheme assets greater/(less) than discount rate	–	1.3	1.3
Actuarial gain – experience	1.9	–	1.9
Actuarial loss – financial assumptions	(6.1)	–	(6.1)
Total amount recognised in other comprehensive income	**(4.2)**	**1.3**	**(2.9)**
Contributions from the sponsoring companies	–	2.5	2.5
Benefits paid from Scheme assets	7.4	(7.4)	–
At 30 December 2023	**(178.0)**	**190.0**	**12.0**
Past service cost – plan amendments	–	–	–
Interest (cost on the DBO)/income on Scheme assets	(7.8)	8.4	0.6
Administrative costs paid	–	(1.2)	(1.2)
Total amount recognised in the Consolidated income statement	**(7.8)**	**7.2**	**(0.6)**
Return on Scheme assets (less)/greater than discount rate	–	(16.2)	(16.2)
Actuarial gain – experience	(0.2)	–	(0.2)
Actuarial loss – financial assumptions	21.3	–	21.3
Total amount recognised in other comprehensive income	**21.1**	**(16.2)**	**4.9**
Contributions from the sponsoring companies	–	2.5	2.5
Benefits paid from Scheme assets	7.6	(7.6)	–
At 28 December 2024	**(157.1)**	**175.9**	**18.8**

The analysis of the Scheme assets at the statement of financial position date was as follows:

	Fair value of assets	
£m	**28 December 2024**	30 December 2023[1]
Structured UK equity	**0.4**	0.2
Overseas equity	**9.0**	12.3
High yield bonds	**11.5**	6.5
Corporate bonds	**54.7**	45.4
Government bonds	**76.3**	97.9
Cash	**5.9**	8.9
Other	**18.1**	18.8
	175.9	190.0

1 Restated 2023 to reflect the correct split between UK and Overseas equity.

The fair values of the equity and bonds have been determined as level 2 instruments under IFRS 7 Financial Instruments: Disclosures. Index-linked government bonds, which have quoted prices in active markets, are classed as level 1.

Structured UK equity provides exposure to UK equities but is a derivative-based solution and not a direct investment in equities. A proportion of the index-linked government bonds are held as collateral against the structured UK equity product.

The Scheme assets also include swaps to hedge liability inflation and interest rate risks. The swap value has been included in the value of the gilt securities used as collateral for the swaps. Corporate bonds and cash are also used as collateral for the swaps in place.

The Scheme invests in four multi-asset funds, which invest in a wide range of assets including alternative asset classes. In the summary above, the multi-asset funds have been split into the relevant constituent asset classes.

The Bakkavor Pension Scheme operates under trust law and is managed and administered by the Trustees on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme is subject to Scheme-specific funding requirements, as outlined in UK legislation. The most recent Scheme-specific funding valuation was as at 31 March 2022.

The Group and the Trustees work closely in matters concerning the Bakkavor Pension Scheme. Regular meetings and correspondence on matters concerning the Scheme are shared in an open manner between both parties.

The Bakkavor Pension Scheme's current investment strategy adopts a policy of investing broadly 60% in growth-seeking assets and 40% in liability-matching assets, although the proportions can vary significantly in order to allow for advanced liability hedging techniques, opportunistic allocation of assets and the 'structured equity' component of the strategy increases the notional allocation to return-seeking assets to 95%. A large proportion of both interest and inflation risk is hedged. This strategy is intended to reduce the risk of significant changes to the funding level by hedging key risks, while retaining a proportion of return-seeking assets to minimise long-term costs by maximising return within an acceptable level of risk. The Scheme's assets are held separately from those of the Group.

The weighted average duration of the Bakkavor Pension Scheme is approximately 13 years (2023: 15 years).

Employer contributions, except for deficit reduction contributions, ceased in March 2011 when the Scheme closed to future accrual. Employee contributions also ceased at this date.

Following the closure of the Scheme to future accrual in March 2011, the Group and the Trustees agreed that members who were active members of the Scheme at the date of closure would remain entitled to access early retirement on preferential terms as long as they remained in employment within the Group. The value of members accessing these preferential terms is not included in the defined benefit obligation as this benefit is not funded for in advance. If members choose to access this benefit an employer contribution is made to the Scheme to reflect the increase in expected future pension costs. In 2024, no augmentation was made in respect of this benefit (2023: £nil).

The current deficit reduction contributions were agreed between the Group and the Trustee as part of the 2022 triennial valuation. The deficit contributions will be paid over a recovery period ending on 31 March 2025. The recovery contributions are paid monthly and the agreed rates are £2.5m per annum. Contributions could continue through to 31 August 2025 at the rate of £2.5m per annum if the Scheme is in deficit on a technical provisions basis at 31 December 2024 and 31 January 2025. As the Scheme was in surplus at December 2024 and January 2025, recovery contributions will cease in March 2025. £2.5m was paid in the period to 28 December 2024 (2023: £2.5m). The actual amount of employer contributions expected to be paid to the Scheme during 2025 is £0.6m.

34. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Company and its subsidiaries and associates are disclosed in the Company's separate Financial Statements.

TRADING TRANSACTIONS

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.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors and Senior Management, who are the key management personnel of the Company, is set out below for each of the categories specified in IAS 24 Related Party Disclosures.

	2024			2023		
£m	**Directors**	**Senior Management**	**Total**	Directors	Senior Management	Total
Short-term employee benefits	**3.5**	**3.0**	**6.5**	3.4	2.7	6.1
Post-employment benefits[1]	**–**	**–**	**–**	–	–	–
Share-based payments[2]	**0.8**	**0.4**	**1.2**	0.4	0.3	0.7
	4.3	**3.4**	**7.7**	3.8	3.0	6.8

1 The Directors' post-employment benefits show contributions made to pension schemes. The pension entitlements disclosed in the Directors' remuneration report on page 132 included cash contributions paid in lieu of pension contributions.

2 This is the income statement charge for the year which represents the fair value of the share-based payments to the Directors and Senior Management. Details of the share-based payments are set out in Note 32.

The highest paid Director received aggregate remuneration (including pension entitlements) of £1.7m (2023: £1.6m).

For the period ended 28 December 2024, three Directors (2023: two Directors) received contributions to their pension schemes from the Group.

For the period ended 28 December 2024, three Directors (2023: two Directors) received share options. Three Directors (2023: no Directors) exercised share options during the period. Three Directors (2023: nil) exercised share options during the period resulting in a gain of £0.9m.

35. 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 7). The sale is anticipated to complete in April 2025.

36. Controlling party

These Financial Statements are the largest Consolidated Financial Statements in which the Company has been included.

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

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

37. Alternative performance measures

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

LIKE-FOR-LIKE 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	7	**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

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 are reconciled to operating profit in Note 4.

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	20	**(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 benefited from non-recourse factoring of receivables as set out in Note 18 and the extension of payment terms for certain suppliers as described in Note 24. 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.

37. Alternative performance measures continued

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**	–
Proceeds 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	7	**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.

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.

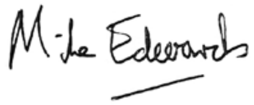
£m	Note	2024	2023
Operating profit		**93.4**	97.1
Exceptional items	7	**20.2**	(2.8)
Adjusted operating profit		**113.6**	94.3
Taxation at the underlying effective rate		**(23.3)**	(23.0)
Adjusted operating profit after tax		**90.3**	71.3
Invested capital			
Total assets		**1,498.6**	1,480.3
Total liabilities		**(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%

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 28 DECEMBER 2024

£m	Note	**28 December 2024**	30 December 2023
Non-current assets			
Shares in Group undertakings	4	**313.7**	309.5
Current assets			
Loans to Group undertakings	6	**86.8**	95.5
Deferred tax assets		**0.9**	0.1
Cash and cash equivalents		**0.1**	–
		87.8	95.6
Total assets		**401.5**	405.1
Current liabilities			
Loans from Group undertakings	6	**(5.6)**	(2.5)
Current tax liabilities		**(0.9)**	–
Total liabilities		**(6.5)**	(2.5)
Net assets		**395.0**	402.6
Equity			
Called up share capital	7	**11.6**	11.6
Own shares held	7	**(6.3)**	(4.4)
Merger reserve	7	**23.8**	23.8
Retained earnings		**365.9**	371.6
Total equity		**395.0**	402.6

In accordance with the exemptions allowed by Section 408 of Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The profit for the period was £42.6m (2023: £40.0m).

The Financial Statements of Bakkavor Group plc, Company number 10986940, and the accompanying Notes, which form an integral part of the Company Financial Statements, were approved by the Board of Directors on 3 March 2025. They were signed on behalf of the Board of Directors by:



Mike Edwards
Chief Executive Officer

Lee Miley
Chief Financial Officer

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

£m	Note	Called up share capital	Own shares held	Merger reserve	Retained earnings	**Total equity**
Balance at 1 January 2023		11.6	(3.1)	23.8	372.1	**404.4**
Profit for the period		–	–	–	40.0	**40.0**
Purchase of own shares	7	–	(2.4)	–	–	**(2.4)**
Dividends	7	–	–	–	(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		–	–	–	(0.8)	**(0.8)**
At 30 December 2023		11.6	(4.4)	23.8	371.6	**402.6**
Profit for the period		–	–	–	42.6	**42.6**
Purchase of own shares	7	–	(8.6)	–	–	**(8.6)**
Dividends	7	–	–	–	(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	7	–	6.7	–	(6.7)	**–**
Deferred tax		–	–	–	(0.6)	**(0.6)**
At 28 December 2024		11.6	(6.3)	23.8	365.9	**395.0**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
52 WEEKS ENDED 28 DECEMBER 2024

1. General information

Bakkavor Group plc is a public company, limited by shares, incorporated and domiciled in England, United Kingdom (Company number: 10986940, registered office: Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ). The Company's Ordinary shares are traded on the London Stock Exchange.

The principal activities of the Company are those of a holding company. The principal activities of the Company's subsidiaries are described within Note 1 of the Consolidated Financial Statements.

2. Significant accounting policies

The Company Financial Statements have been prepared in accordance with the Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 as applicable to companies using FRS 101 and under the historical cost convention.

The Company Financial Statements are prepared on the going concern basis as set out in Note 2 to the Consolidated Financial Statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. The requirement of IFRS 7, 'Financial instruments' – Disclosures.
b. The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'.
c. The requirement in paragraph 38 of IAS 1, 'Presentation of Financial Statements' to present comparative information in respect of: paragraph 79(a) (iv) of IAS 1, 'Presentation of Financial Statements'; and paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and paragraph 118(e) of IAS 38, 'Intangible assets'.
d. The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A-D, 111 and 134–136 of IAS 1, 'Presentation of Financial Statements';
e. The requirement of IAS 7, 'Statement of cash flows'.
f. The requirements of paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors'.
g. The requirements of paragraphs 17 and 18A of IAS 24, 'Related party disclosures'.
h. The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
i. The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 'Impairment of assets'.
j. The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment'.

The principal accounting policies adopted have been applied consistently and are the same as those set out in Note 2 to the Consolidated Financial Statements except as set out below.

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment, either internal or external. Where there is a need to determine the recoverable value of an investment, this requires judgements and assumptions related to the expected future cash flows to be derived from the investment.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Amounts due from other Group companies are initially recognised at fair value and subsequently carried at amortised cost net of allowance for expected credit losses. An allowance is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. The Company's amounts due from other Group companies at 28 December 2024 amounted to £86.8m (2023: £95.5m).

None of these balances include an allowance for expected credit losses and all amounts are expected to be recoverable in full.

3. Employees', Directors' and Auditors' remuneration

Fees payable of £0.1m (2023: £0.1m) to the Company's Auditors in respect of the audit of the Company's Financial Statements for the periods ended 28 December 2024 and 30 December 2023 have been borne by fellow Group company Bakkavor Foods Limited.

The Company has 12 Directors (2023: 11 Directors) and no further employees. Payments to the Directors for the periods ended 28 December 2024 and 30 December 2023 have been borne by fellow Group company Bakkavor Foods Limited. Details of Directors' remuneration is disclosed within Note 34 of the Consolidated Financial Statements.

4. Shares in Group undertakings

£m	28 December 2024	30 December 2023
Investment in Group companies		
Balance at 30 December 2023	**309.5**	309.5
Capital contributions	**4.2**	–
Balance at 28 December 2024	**313.7**	309.5

Capital contributions relate to equity settled share-based payments expense recognised during the period for key management employed by subsidiary companies. In prior periods, the share-based payments expense was recharged through intercompany.

5. Subsidiaries

As at 28 December 2024, Bakkavor Group plc held investments in the share capital of the following companies:

Name	Place of registration and operation	Principal activity	% of voting shares as at 28 December 2024	% of voting shares as at 30 December 2023
Directly held investments:				
Bakkavor Holdings Limited[1,^]	UK	Holding company	100%	100%
Indirectly held investments:				
Bakkavor Finance (2) Limited[1]	UK	Holding company	100%	100%
Bakkavor Limited[1,^]	UK	Holding company	100%	100%
Bakkavor USA Inc[2]	US	Holding company	100%	100%
Bakkavor USA Limited[1,^]	UK	Holding company	100%	100%
Bakkavor Foods USA Inc[2]	US	Manufacture of fresh prepared meals and bakery products	100%	100%
Bakkavor China Limited[1,^]	UK	Holding company	100%	100%
Bakkavor Bakery Holdings Limited[3]	Hong Kong	Holding company	100%	100%
Bakkavor Hong Kong Limited[3]	Hong Kong	Preparation and marketing of fresh prepared foods	100%	100%
Bakkavor China Holdings Limited[3]	Hong Kong	Holding company	100%	100%
Wuhan Bakkavor Agricultural Product Processing Company Limited[4]	China	Manufacture of salad products	100%	100%
Jiangsu Bakkavor Food Company Limited[5]	China	Manufacture of salad products	100%	100%
Beijing Bakkavor Food Company Limited[6]	China	Manufacture of salad products	100%	100%
Guangzhou Bakkavor Food Company Limited[7]	China	Manufacture of salad products	100%	100%
Bakkavor (Shanghai) Management Company Limited[8]	China	Holding company	100%	100%
Shaanxi Bakkavor Agriculture Processing Company Limited[9]	China	Manufacture of salad products	100%	100%
Fujian Bakkavor Food Company Limited[10]	China	Manufacture of salad products	100%	100%
Chengdu Bakkavor Foods Company Limited[11]	China	Manufacture of salad products	100%	100%
Bakkavor Foods Limited[1]	UK	Manufacture of fresh prepared foods	100%	100%
Bakkavor Estates Limited[1]	UK	Property management	100%	100%
Bakkavor Pension Trustees Limited[1]	UK	Pension trustee holding company	100%	100%
Bakkavor European Marketing BV[12]	Netherlands	Holding company	100%	100%
NV Bakkavor Belgium BV[13]	Belgium	Non-trading	100%	100%
BV Restaurant Group Limited[1,^]	UK	Production and distribution of fresh prepared foods	100%	100%
Bakkavor Iberica S.L.U.[14]	Spain	Distribution	100%	100%
Moorish Limited[1]	UK	Manufacture of fresh prepared foods	100%	–
Dormant companies				
Bakkavor Dormant Holdings Limited[1]*	UK	Holding company	100%	100%
Bakkavor Finance (1) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Finance (3) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Acquisitions (2008) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Invest Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor (Acquisitions) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Asia Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Overseas Holdings Limited[1]*	UK	Dormant non-trading company	100%	100%

Name	Place of registration and operation	Principal activity	% of voting shares as at 28 December 2024	% of voting shares as at 30 December 2023
Bakkavor (London) Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Finance Limited[1]*	UK	Dormant non-trading company	100%	100%
BV Foodservice Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Desserts Leicester Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Fresh Cook Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Central Finance Limited[1]*	UK	Dormant non-trading company	100%	100%
English Village Salads Limited[1]*	UK	Dormant non-trading company	100%	100%
Notsallow 256 Limited[1]*	UK	Dormant non-trading company	100%	100%
Kent Salads Limited[1]*	UK	Dormant non-trading company	100%	100%
Laurens Patisseries Limited[1]*	UK	Dormant non-trading company	100%	100%
Hitchen Foods Limited[1]*	UK	Dormant non-trading company	100%	100%
Bakkavor Brothers Limited[1]*	UK	Dormant non-trading company	100%	100%
Cucina Sano Limited[1]*	UK	Dormant non-trading company	100%	100%
Butterdean Products Limited[1]*	UK	Dormant non-trading company	100%	100%
Exotic Farm Prepared Limited[1]*	UK	Dormant non-trading company	100%	100%
Exotic Farm Produce Limited[1]*	UK	Dormant non-trading company	100%	100%

1 The registered address of all these companies is Fitzroy Place, 5th Floor, 8 Mortimer Street, London, England, W1T 3JJ.
2 The registered address of these companies is 2700 Westinghouse Boulevard, Charlotte, NC 28273, USA.
3 The registered address of these companies is Units 1902-1912, 19/F., Eight Commercial Tower, No 8 Sun Yip Street, Chai Wan, Hong Kong.
4 The registered address of this company is No. 127 Jingdong Avenue, Yangluo Street, Changjiang New District, Wuhan, Hubei Province, China.
5 The registered address of this company is No. 200, Group 3, Zhongnan Village Changle Town, Haimen City, Jiangsu Province, China.
6 The registered address of this company is South Xitai Road, Da Sun Gezhuang Town, Shunyi District, Beijing, China.
7 The registered address of this company is No. 55 Banyutang Road, High Tech Development Area, Guangzhou, China.
8 The registered address of this company is Room 01, 3A Floor, Number 16 Lane 1977, Jinshajiang Road, Putuo District, Shanghai, China.
9 The registered address of this company is No. 1289 Jinggan 1st Street, Yongle Town Jinghe new city, Xixian new district, Shaanxi province.
10 The registered address of this company is Jiulong Industry Park of Hua an Economic Development Zone, China.
11 The registered address of this company is No. 520 Tongtai Avenue, Cross-Straits Science & Technology Industry Development Park, Wenjiang District, Chengdu, Sichuan Province, China.
12 The registered address of this company is Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.
13 The registered address of this company is Lammerdries-Zuid 16F, 2250 Olen, Belgium.
14 The registered address of this company is Calle Cartagena 57, 1º D Torre Pacheco, Murcia CP 30700, Spain.
* These companies are UK dormant companies who file dormant accounts which are exempt from audit by virtue of s479A of Companies Act 2006.
^ These companies were entitled to exemption from audit (see below). Company numbers: Bakkavor Holdings Limited 06215286, Bakkavor Limited 02017961, Bakkavor USA Limited 06458503, BV Restaurant Group Limited 09689333, Bakkavor China Limited 05661425.

For the year ending 28 December 2024, the above companies marked with a '^' were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

6. Financial instruments

FOREIGN CURRENCY RISK

The Company is not exposed to any significant foreign currency risk as principally all its balances are in Pounds Sterling.

INTEREST RATE RISK MANAGEMENT

The Company has intercompany loan receivables. There are no interest-bearing balances and therefore the Company is not exposed to any interest rate risk.

CATEGORIES OF FINANCIAL INSTRUMENTS

£m	**28 December 2024**	30 December 2023
Financial assets and liabilities		
Measured at amortised cost:		
Loans to Group undertakings	**86.8**	95.5
Loans from Group undertakings	**(5.6)**	(2.5)

7. Called up share capital 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 (2023: £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 period ending 31 December 2022, the Company began purchasing 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 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%).

Total cash purchases made through the EBT during the year amounted to £8.6m (2023: £2.4m).

	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 period.

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.

8. Related party transactions

During the period, the Company entered into the following transactions with related parties:

£m	28 December 2024	30 December 2023
Loans to Group undertakings	**86.8**	95.5
Loans from Group undertakings	**(5.6)**	(2.5)

Loans to Group undertakings relate to corporate loans of £86.8m (2023: £95.5m) due from Bakkavor Finance (2) Limited. These amounts are unsecured and will be settled in cash. The loans are repayable within 60 days of being given notice by the lender. No guarantees have been given or received. No provisions have been made for expected credit losses in respect of the amounts owed by related parties.

Amounts are denominated in Sterling. All related party receivables are held at amortised cost.

Loans to Group undertakings do not carry interest on the outstanding corporate loan balances.

Loans from Group undertakings relate to a corporate loans: £4.1m due from Bakkavor Foods Limited and £1.5m due from Bakkavor Finance (2) Limited (2023: £1.3m and £1.2m) respectively.

Loans from Group undertakings do not carry interest on the outstanding corporate loan balances.

The Company purchases its own shares through an Employee Benefit Trust. See Note 7.

9. 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 Bakkavor Hong Kong Limited, an indirect subsidiary of the Company. See Note 35 of the Group Consolidated financial statements.

10. Controlling party

The controlling party of the Company and its subsidiaries are described within Note 36 of the Consolidated Financial Statements.