CRANSWICK plc: INTERIM RESULTS

Strong revenue growth and positive earnings momentum

21 November 2023

Cranswick plc ("Cranswick" or "the Company" or "the Group"), a leading UK food producer, today announces its unaudited results for the 26 weeks ended 23 September 2023.

Commercial and strategic highlights:

- Strong revenue growth of 12.3% reflecting effective inflation recovery and resilient volume growth across all four core UK food categories
- A positive contribution from rapidly expanding pig farming operations, robust returns from effective deployment of capital and tight cost control lifted adjusted operating margin from 6.1% to 6.8%
- Capital investment programme continues at pace with relentless focus on automation, adding scale and delivering further quality, technical and safety improvements
    - Total capital expenditure of £39.4m across the Group's asset base to add capacity, capability and drive operating efficiencies with over £600m now deployed across the Group's asset base since FY16
    - £62m multi-phased expansion project underway at the Hull pork primary processing site
    - £23m fit out of new houmous facility at Worsley, Manchester now underway
- £31.7m[1] acquisition of Elsham Linc indoor pig farming business further diversifies the Group's pig farming operations and adds additional feed milling capability, with self-sufficiency in UK pigs now over 50%

Sustainability highlights:

- Ranked first in second edition of 'The Better Food Index'[2], which ranks the 30 largest food and drinks companies in the UK on their actions and commitments towards a fair and sustainable food system
- Upgraded to 'low risk' in the 'Coller FAIRR Protein Producer Index'[3] 2023/24 and ranked fifth overall
- We continue to work towards our ambition of zero edible food waste by 2030, and as part of this journey we have now redistributed the equivalent of 1.2m meals to vulnerable people through our partnership with FareShare

Financial highlights[4]:

	H1 2023	H1 2022	Change (Reported)	Change (Like-for-like[5])
Revenue	**£1,253.7m**	£1,116.3m	+12.3%	+12.0%
Adjusted Group operating profit	**£85.5m**	£68.4m	+25.0%	
Adjusted Group operating margin	**6.8%**	6.1%	+69bps	
Adjusted profit before tax	**£81.6m**	£66.0m	+23.6%	
Adjusted earnings per share	**112.2p**	98.6p	+13.8%	

- Statutory profit before tax 41.3% higher at £86.9m (2022: £61.5m)
- Statutory earnings per share up 29.9% to 119.5p (2022: 92.0p)
- Interim dividend increased by 10.2% to 22.7p (2023: 20.6p)

- Return on capital employed[6] up 54bps to 16.4% (2023:15.9%)
- Net debt (excluding IFRS 16) £10.1m lower at £51.0m (September 2022: £61.1m and March 2023: £20.2m)
- Robust balance sheet and low leverage with £250m bank facility providing significant headroom

Outlook:

Whilst we remain cautious about current market and wider economic and geopolitical conditions, the outlook for the current financial year ending 30 March 2024 is now expected to be at the upper end of current market consensus[7].

Adam Couch, Cranswick's Chief Executive Officer commented:
"Our strong start to the year continued through the second quarter. Our relentless focus on quality, service, innovation, and managing our cost base through this extremely challenging inflationary cycle, allied to delivering exceptional customer service, has underpinned these results.

"Momentum has continued through the start of the third quarter as our customers and the UK consumer continue to appreciate the affordability, value for money and versatility of our core pork and poultry categories.

"Our continued positive progress is made possible by the substantial ongoing investment in our asset base, expansion of our pig farming operations and the quality and capability of our colleagues across the business.

"We have an excellent track record of deploying capital having invested £600m since FY16 in new facilities, capacity expansion and automation projects underpinned by an unrelenting focus on delivering efficiency improvements.

"I want to thank, once again, our colleagues and all our stakeholders for their continued support and commitment as we build towards what promises to be another extremely busy festive period.

"Notwithstanding the many challenges that we, our industry and the wider economy continue to experience, I am confident that the strengths of our business, which include its diverse and long-standing customer base, breadth and quality of products and channels, robust financial position and industry leading infrastructure, will support the further development of Cranswick in the current financial year and over the longer term."

1 Refer to Note 9 for breakdown of cash outflow on acquisition.
2 Tortoise Media's 'The Better Food Index' is a ranking of the 30 largest food and drinks companies in the UK on their actions and commitments towards a fair and sustainable food system.
3 The 'Coller FAIRR Protein Producer Index' assesses 60 of the largest listed global meat, dairy and aquaculture companies on ten ESG factors: greenhouse gas emissions, deforestation and biodiversity, water use and scarcity, waste and pollution, antibiotics, working conditions, animal welfare, food safety, governance and alternative proteins.
4 Adjusted and like-for-like references throughout this statement refer to non-IFRS measures or Alternative Performance Measures ('APMs'). Definitions and reconciliations of the APMs to IFRS measures are provided in Note 16.
5 For comparative purposes, like-for-like revenue excludes the current year contribution from current and prior year acquisitions prior to the anniversary of their purchase.
6 Return on capital employed is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension (surplus)/deficit and deferred tax.
7 Market consensus for adjusted profit before tax as at 20 November 2023 ranged between £153.2m and £160.8m.

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

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Note to editors:

1. Cranswick is a leading and innovative supplier of premium, fresh and added-value food products. The business employs over 14,200 people and operates from 22 well-invested, highly efficient facilities in the UK. Cranswick was formed in the early 1970s by farmers in East Yorkshire to produce animal feed and has since evolved into a business which produces a range of high quality, predominantly fresh food, including fresh pork, poultry, convenience, gourmet products and pet food. The business develops innovative, great tasting food products to the highest standards of food safety and traceability. The Group supplies the major grocery multiples as well as the growing premium and discounter retail channels. Cranswick also has a strong presence in the 'food-to-go' sector and a substantial export business. For more information go to: www.cranswick.plc.uk

2. Cranswick is committed to ensuring that its business activities are sustainable from farm-to-fork. Its ambitious sustainability strategy Second Nature has been developed to deliver the Group's vision to become the world's most sustainable meat business. Cranswick has committed to be a Net Zero business across its operations by 2040. Notable achievements to date include:
   a. 18 manufacturing sites certified carbon neutral
   b. Removing over 2,200 tonnes of plastic from the business, including the removal of black plastic and PVC, and increasing the recycled content of plastic packaging to up to 80%
   c. Committing to purchase 100% certified deforestation-free soya
   d. All major production facilities are now powered by renewable grid supplied electricity
   e. Donating 1,200,000 meals to local communities
   f. Over 1,500 colleagues volunteering as Second Nature 'Changemakers' to help meet the Group's sustainability goals
   g. Achieved Leading Food Partner status with FareShare for reducing food waste and providing meals for people in need

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

Summary

We have made a strong start to the year with demand remaining resilient in our core UK food business. Revenue was well ahead in each of our four UK food categories reflecting further inflation recovery and positive volume momentum as our customers and the UK consumer continue to appreciate the affordability, value and versatility of our core pork and poultry products.

Broad-based cost inflation, which has now slowed, was proactively managed and mitigated during the period through tight cost control and recovery. Rapid investment in automation projects and a relentless drive to improve operating efficiencies further supported margin recovery, building on the momentum generated in the second half of the last financial year.

We continue to invest at pace in our pig farming operations, with self-sufficiency in UK pigs increasing to over 50% during the period. Through the acquisition of the Elsham Linc indoor pig farming business, a further pig herd in North Yorkshire, and the ongoing expansion of our existing pig herds, we have further strengthened our presence in the UK pig farming sector as an efficient, large-scale producer, ensuring that we have the required quality, quantity and mix of indoor and premium outdoor pigs to service our customers' requirements.

We invested a further £39.4m across our asset base during the period to support future growth and drive further operating efficiencies. We have committed to a £62m multi-phased investment programme at our Hull pork primary processing facility and we have started a £23m fit out of the new Worsley facility, acquired at the end of the last financial year, to significantly expand houmous production capacity.

Results

Total revenue in the 26 weeks to 23 September 2023 was £1,253.7m, 12.3% higher than the £1,116.3m reported in the corresponding period last year. Adjusting for the contribution from acquisitions made in the current and previous period, revenue increased by 12.0% on a like-for-like basis.

Adjusted profit before tax for the period at £81.6m was 23.6% higher than the £66.0m reported in the corresponding period last year. Adjusted earnings per share on the same basis was up 13.8% at 112.2p compared to 98.6p in the equivalent period last year, reflecting the growth in adjusted profit before tax, partially offset by the impact of the 6% increase in the headline rate of corporation tax effective from the start of the current financial year.

Cash flow and financial position

Net debt, excluding IFRS 16 lease liabilities, at the end of the period stood at £51.0m (September 2022: £61.1m and March 2023: £20.2m). The increase since March 2023 reflects the £31.7m acquisition of Elsham Linc in August 2023[1]. The Group remains in a robust financial position and has access to a £250m unsecured, sustainability linked facility providing generous headroom which runs through to November 2026.

Dividend

The interim dividend is being increased by 10.2% to 22.7p per share from 20.6p per share previously. The interim dividend will be paid on 26 January 2024 to Shareholders on the register at the close of business on 15 December 2023.

Outlook

We have made a strong start to the year with positive trading momentum continuing into the third quarter. Demand for our core UK pork and poultry categories remains resilient as the UK consumer continues to recognise the quality, value and versatility of our product range and we build towards what promises to be another extremely busy Christmas trading period. Whilst we remain cautious about current market and wider economic and geopolitical conditions, the outlook for the current financial year ending 30 March 2024 is now expected to be at the upper end of current market consensus[7].

The Board is encouraged by the continued strategic progress of the business and confident that focus on the strengths of the Company, which include its long-standing customer relationships, breadth and quality of our products and industry leading asset infrastructure, provides a solid platform for successful long-term growth.

[1] Refer to Note 9 for breakdown of cash outflow on acquisition.
[7] Market consensus for adjusted profit before tax as at 20 November 2023 ranged between £153.2m and £160.8m.

Operating review

Revenue and adjusted operating profit

	H1 2023	H1 2022	Change (Reported)	Change (Like-for-like)*
Revenue	**£1,253.7m**	£1,116.3m	+12.3%	+12.0%
Adjusted Group operating profit*	**£85.5m**	£68.4m	+25.0%	
Adjusted Group operating margin*	**6.8%**	6.1%	+69bps	
Group operating profit	**£90.8m**	£63.9m	+42.1%	

* See Note 16

Revenue

Reported revenue increased by 12.3% to £1,253.7m reflecting continued inflation recovery. Like-for-like revenue increased by 12.0%, with corresponding volumes down 2.7% primarily reflecting lower export shipments. Pet food volumes were also lower as the business focused on building stock for the new Pets at Home contract launch. Revenue from our core UK food business was ahead by 16.1% underpinned by volume growth of 2.7% with all four UK food categories making a positive contribution. Fresh Pork revenue grew strongly reflecting the successful pass through of higher pig prices and volume growth in UK retail and wholesale channels. Convenience revenue was well ahead reflecting further inflation recovery and a solid volume uplift. Robust growth in Gourmet Products revenue reflected a positive performance across all product subcategories, bolstered by onboarding of new customers and the launch of new products by the Hull Cooked Bacon facility. Poultry revenue increased with positive volume contributions from both the fresh and cooked businesses. Prepared Poultry revenue was strongly ahead as the business continues to ramp up albeit the site still has substantial capacity headroom. Shopper confidence is now at its highest level since late 2021 and we are starting to see a change in consumer behaviour as shoppers begin to trade up again driven, in part, by compelling promotional offers.

Adjusted Group operating profit

Adjusted Group operating profit was 25.0% higher at £85.5m with adjusted Group operating margin up 69bps to 6.8%. Higher Group operating margin reflected robust returns from effective deployment of capital, tight cost control and a positive contribution from the Group's expanded farming operations.

Category review

FOOD SEGMENT

Fresh Pork

Fresh Pork revenue was 12.2% above the prior period and represented 25.3% of Group revenue. Revenue growth reflected the pass through of higher pig prices and strong volume growth in UK food, offset by lower export revenue with both pricing and demand from China remaining subdued.

Despite feed prices falling back from the peaks experienced following the outbreak of war in Ukraine in 2022, the UK standard pig price increased from 214p/kg at the start of the year to a high of 226p/kg before easing back slightly to 223p/kg by the end of September. This upward pressure on prices reflected the ongoing contraction of the UK pig herd and resulting tightening of supply as many independent producers have either cut back or ceased production entirely in response to the unprecedented inflationary pressures experienced over the last eighteen months.

We continue to invest in our farming infrastructure. We increased the size, scale and quality of our pig herd during the period through ongoing organic growth and investment together with the acquisition of new indoor and premium outdoor capacity. The acquisition of Elsham Linc, a large-scale indoor farming business with 18 sites in North Lincolnshire, including a feed mill, and comprising 8,000 sows producing 3,200 finished pigs each week, significantly increases the size of our Red Tractor assured indoor pig herd. We also acquired a second pig herd during the period as part of a wider agreement to lease and operate, on a long-term basis, a fully integrated pig and arable farming enterprise in North Yorkshire. With the addition of these two new herds our self-sufficiency in UK pigs is now over 50%. We will continue to invest in and, as necessary, expand our pig herd to ensure supply of the appropriate quantity and quality of pigs to meet our customers' needs. We will continue to invest in our sustainable pig farming operations to guarantee supply, support full farm-to-fork traceability and maintain the highest animal welfare standards.

We are investing at pace across our three fresh pork primary processing operations with significant committed investment to increase capacity and drive further operational efficiencies as we look to service our rapidly growing value-added pork business. This investment programme includes a £62m multi-phased redevelopment of the Hull primary processing site, which will add substantial capacity, drive further efficiency improvements and add onsite cold storage capability.

African Swine Fever (“ASF”) has now been reported in five different world regions affecting 52 countries. Since January 2021, 10 countries have reported ASF as a first occurrence in the country, while 12 countries reported it spreading to new zones. In September 2023 ASF was reported for the first time in Sweden. It is not yet known how the virus was introduced given the large geographic jump. In the UK we remain acutely aware of the impact an outbreak of ASF would have on the UK pig industry and so intensive bio-security protocols remain in place across the country.

Convenience

Convenience revenue was 13.9% ahead on a reported basis and represented 39.5% of Group revenue. Revenue growth was driven by continuing inflation recovery and solid Cooked Meats volume growth.

Cooked Meats revenue growth reflected ongoing inflation recovery and volume growth underpinned by promotional activity. We expanded our range of ‘slow cook’ and ‘sous vide’ products in response to increasing demand for convenient high-quality meals at home. A £9m expansion project, which is well underway at our Hull facility, will double our ‘slow cook’ capacity as we look to build on the success of our centre-of-plate Christmas range of products. An £11m extension of our Milton Keynes facility is progressing to plan. When complete, the extension will add production capacity and packing capability.

Continental Products revenue growth was supported by further inflation recovery, with volumes modestly lower compared to the prior period, albeit the good September weather ensured a strong end to the half-year. The ongoing popularity of charcuterie, olives and antipasti products either sold individually or as mixed platter packs continue to drive category growth.

Katsouris revenue grew through inflation recovery with volumes modestly ahead. The good September weather again ensured a positive end to the period with olives, antipasti and halloumi products all selling well. A new halloumi contract has been secured, which will come on stream in the second half of the year. Ramona’s continues to expand rapidly and is now the number one houmous brand by volume in the UK.

Work has commenced on redeveloping the site at Worsley, near Manchester, which was acquired at the end of the last financial year. The £23m fit out will occupy 50% of the 50,000 square foot footprint providing substantial additional houmous manufacturing capacity utilising both continuous and batch cooking systems.

Gourmet Products

Gourmet Products revenue increased by 18.0% underpinned by strong volume growth and represented 16.7% of Group revenue.

Sausage and Bacon revenues were both ahead, with retail volumes strengthening as promotional activity returned during the first half of the financial year and with a resurgent demand for premium products driven by deep-cut promotions and multi-buy offers. Food Service volumes were also ahead in sausage and bacon with demand for bacon from the out-of-home breakfast market particularly high.

Pastry revenue improved year-on-year with volume growth the main driver. Innovation was a key contributor with dual deposited sausage rolls, a market first, performing well. Several new premium meal solutions were also launched, complemented by a robust performance from the ‘Gastro’ range for the site’s anchor retail customer.

Revenue from the Cooked Bacon and Sausage facility grew strongly. Growth reflected promotional activity, new business wins and new product launches into both retail and food service customers and was facilitated by the new contact cooking line.

Poultry

Poultry revenue increased by 6.9% during the period and represented 17.7% of Group revenue.

Fresh Poultry continued to perform well with the number of birds processed per week during the period averaging 1.4m. Revenue growth reflected higher pricing and volume growth, with new restaurant outlets for portioned product onboarded during the period.

Following the extremely virulent Avian Influenza ("AI") season experienced by the UK in 2022, the level of infections has been significantly lower so far this year with no Cranswick farms affected. We continue to monitor events closely with the strictest bio-security protocols enforced across all Cranswick farms.

Cooked Poultry revenue was modestly higher as revenue continues to recover following the product recall in Q1 of the previous financial year. A new product format was launched in the period with hot-deli pulled chicken supplied into a premium retail customer. Ongoing investment in the Hull facility will increase cooking and roasting capacity and enhance our ability to deliver value-add products.

Prepared Poultry revenue grew strongly as the business continues to develop following commissioning of the Hull facility in April 2022. In September the business won the award of Best Poultry Product at the Meat Management Awards recognising the quality of coated chicken products produced at the site. Whilst volumes have grown appreciably, the site is still operating well below capacity and needs additional volume to achieve an acceptable level of return. Robust commercial plans are in place to address this.

OTHER SEGMENT

Pet Food

Cranswick Pet Products revenue was 0.8% of Group revenue. Revenue fell by 28.2% compared to the same period last year, as expected, reflecting the transition from its legacy customer base.

The £10m investment programme at the Lincoln manufacturing facility is progressing to plan. This project expands capacity through dual line capability and upgrades the facility to support the strategic growth plans of the business.

During the period the site started supplying Pets at Home, with volumes expected to ramp up in the second half of the year. The refreshed Vitalin and Alpha dog food brands have been relaunched with listings secured in Pets at Home and through online retail channels with supply commencing shortly after the period end.

Finance review

Revenue

Reported revenue increased by 12.3% to £1,253.7m (2022: £1,116.3m). Like-for-like revenue, excluding the contribution from acquisitions made in the current and previous financial period, increased by 12.0%.

Adjusted Group operating profit

Adjusted Group operating profit increased by 25.0% to £85.5m (2022: £68.4m). Adjusted Group operating margin at 6.8% of sales was 69bps higher than the prior period.

Finance costs and funding

Net finance costs were £3.9m (2022: £2.4m) following the increases in the base rate throughout the period.

Adjusted profit before tax

Adjusted profit before tax was 23.6% higher at £81.6m (2022: £66.0m).

Taxation

The tax charge of £22.7m (2022: £12.4m) was 26.1% of profit before tax (2022: 20.2%). The UK statutory rate of corporation tax was 25.0% (2022: 19.0%). The effective rate was higher than the standard rate mainly due to increased depreciation on assets not qualifying for tax relief and the tax adjustments required on share-based payments.

Adjusted earnings per share

Adjusted earnings per share for the 26 weeks to 23 September 2023 increased by 13.8% to 112.2p compared to the 98.6p reported in the corresponding period in the prior year, reflecting the growth in adjusted profit before tax, partially offset by the impact of the 6% increase in the headline rate of corporation tax effective from the start of the current financial year. The average number of shares in issue was 53,712,000 (2022: 53,348,000).

Statutory profit measures

Statutory profit before tax increased by 41.3% to £86.9m (2022: £61.5m), statutory Group operating profit was 42.1% higher at £90.8m (2022: £63.9m) and statutory earnings per share were 29.9% higher at 119.5p (2022: 92.0p). Full reconciliations of these results to the adjusted measures can be found in Note 16.

Cash flow and net debt

Cash generated from operations in the period was £103.2m (2022: £59.3m), including a working capital outflow in the period of £24.9m (2022: £45.1m) of which £2.8m (2022: £15.9m) was the movement in biological assets. Net debt, including the impact of IFRS 16 lease liabilities, increased by £40.5m in the period to £141.9m from £101.4m at 25 March 2023 reflecting the acquisition of Elsham Linc and the growth in working capital in the business. Capital expenditure was £39.4m in the period.

Pensions

The Group operates defined contribution pension schemes whereby contributions are made to schemes administered by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings.

The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. On 2 December 2022, the Trustees of the defined benefit pension scheme purchased a buy-in insurance policy to secure the majority of the benefits provided by the scheme. The surplus on this scheme at 23 September 2023 was £0.1m compared to £0.2m at 25 March 2023. Cash contributions to the scheme during the period were £nil. The Group does not expect to make any contributions to the scheme during the year ending March 2024. The present value of funded obligations was £20.0m, and the fair value of plan assets was £20.1m.

Principal risks and uncertainties

The Board continues to assess the principal risks and uncertainties of the Group on a frequent basis. The principal risks and uncertainties faced by the business at 25 March 2023 are set out on pages 72 to 76 of the Annual Report and Accounts for the 52 weeks ended 25 March 2023, dated 23 May 2023, a copy of which is available on the Group's website. An update to these principal risks and uncertainties at 23 September 2023 is set out in Note 17.

Forward looking information

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

Group income statement (unaudited)

for the 26 weeks ended 23 September 2023

	Notes	Half year 2023 £'m	Half year 2022 £'m	52 weeks ended 25 March 2023 (Audited) £'m
Revenue		**1,253.7**	1,116.3	2,323.0
Adjusted Group operating profit		**85.5**	68.4	146.5
Net IAS 41 valuation movement on biological assets		**7.7**	1.2	7.6
Amortisation of acquired intangible assets		**(2.4)**	(2.7)	(5.2)
Impairment of intangible assets		**-**	(3.0)	(3.0)
Group operating profit	*5*	**90.8**	63.9	145.9
Finance costs		**(3.9)**	(2.4)	(6.4)
Profit before tax		**86.9**	61.5	139.5
Taxation	*6*	**(22.7)**	(12.4)	(28.1)
Profit for the period		**64.2**	49.1	111.4

Earnings per share (pence)

On profit for the period:				
Basic	*7*	**119.5**	92.0	208.3
Diluted	*7*	**119.1**	91.8	207.8

Group statement of comprehensive income (unaudited)

for the 26 weeks ended 23 September 2023

	Half year		52 weeks ended 25 March 2023
	2023	2022	(Audited)
	£'m	£'m	£'m
Profit for the period	**64.2**	49.1	111.4
Other comprehensive income/(expense)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
Gains arising in the period	**-**	0.5	0.1
Reclassification adjustments for gains included in the income statement	**-**	0.5	0.3
Income tax effect	**-**	(0.2)	(0.1)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-**	0.8	0.3
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial losses on defined benefit pension scheme	**(0.1)**	(5.0)	(12.5)
Income tax effect	**-**	1.0	2.8
Net other comprehensive expense not being reclassified to profit or loss in subsequent periods	**(0.1)**	(4.0)	(9.7)
Other comprehensive expense	**(0.1)**	(3.2)	(9.4)
Total comprehensive income	**64.1**	45.9	102.0

Group balance sheet (unaudited)

at 23 September 2023

	Notes	Half year 2023 £'m	Half year 2022 £'m	As at 25 March 2023 (Audited) £'m
Non-current assets				
Property, plant and equipment		**496.7**	444.0	464.1
Right-of-use assets		**85.0**	71.9	76.3
Intangible assets		**224.1**	225.8	223.2
Investment in joint venture	*9*	**0.4**	-	-
Financial asset investment	*9*	**0.1**	-	-
Defined benefit pension scheme surplus		**0.1**	4.3	0.2
Biological assets		**6.3**	2.6	6.3
Total non-current assets		**812.7**	748.6	770.1
Current assets				
Biological assets		**90.8**	67.9	72.8
Inventories		**128.7**	131.1	113.0
Trade and other receivables		**310.2**	277.8	288.5
Income tax receivable		**3.6**	0.9	-
Financial assets		**0.1**	1.2	0.1
Cash and short-term deposits	*11*	**27.8**	11.5	20.3
Total current assets		**561.2**	490.4	494.7
Total assets		**1,373.9**	1,239.0	1,264.8
Current liabilities				
Trade and other payables		**(292.0)**	(267.4)	(268.5)
Lease liabilities		**(14.4)**	(13.8)	(14.4)
Financial liabilities		**(2.8)**	(0.6)	(0.1)
Provisions		**(0.8)**	(2.7)	(0.8)
Income tax payable		**-**	-	(4.3)
Total current liabilities		**(310.0)**	(284.5)	(288.1)
Non-current liabilities				
Other payables		**(0.3)**	(0.5)	(0.4)
Lease liabilities		**(76.5)**	(61.6)	(66.8)
Financial liabilities		**(78.8)**	(75.3)	(43.2)
Deferred tax liabilities		**(27.1)**	(23.1)	(20.7)
Provisions		**(2.8)**	(1.5)	(2.7)
Total non-current liabilities		**(185.5)**	(162.0)	(133.8)
Total liabilities		**(495.5)**	(446.5)	(421.9)
Net assets		**878.4**	792.5	842.9
Equity				
Called-up share capital		**5.4**	5.3	5.4
Share premium account		**125.4**	119.3	123.9
Share-based payments		**53.3**	48.0	49.0
Shares held in trust	*15*	**(3.3)**	-	-
Hedging reserve		**-**	0.5	-
Retained earnings		**697.6**	619.4	664.6
Total equity attributable to owners of the parent		**878.4**	792.5	842.9

Group statement of cash flows (unaudited)

for the 26 weeks ended 23 September 2023

	Notes	Half year **2023** **£'m**	Half year 2022 £'m	52 weeks ended 25 March 2023 (Audited) £'m
Operating activities				
Profit for the period		**64.2**	49.1	111.4
Adjustments to reconcile Group profit for the period to net cash inflows from operating activities:				
Income tax expense		**22.7**	12.4	28.1
Net finance costs		**3.9**	2.4	6.4
Loss/(gain) on sale of property, plant and equipment		**0.2**	(0.5)	(0.5)
Loss on right-of-use assets		**0.4**	-	-
Depreciation of property, plant and equipment		**30.1**	26.9	54.1
Depreciation of right-of-use assets		**7.7**	6.9	14.7
Amortisation of acquired intangibles		**2.4**	2.7	5.2
Impairment of intangible assets		**-**	3.0	3.0
Share-based payments		**4.3**	3.7	4.7
Difference between pension contributions paid and amounts recognised in the income statement		**-**	(0.9)	(4.4)
Release of government grants		**(0.1)**	(0.1)	(0.2)
Net IAS 41 valuation movement on biological assets		**(7.7)**	(1.2)	(7.6)
Increase in biological assets		**(2.8)**	(15.9)	(18.1)
Increase in inventories		**(14.7)**	(25.9)	(7.7)
Increase in trade and other receivables		**(19.4)**	(33.4)	(44.8)
Increase in trade and other payables		**12.0**	30.1	29.1
Cash generated from operations		**103.2**	59.3	173.4
Tax paid		**(22.9)**	(11.0)	(20.4)
Net cash from operating activities		**80.3**	48.3	153.0
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	*9*	**(13.6)**	-	0.1
Payment of property, plant and equipment acquired on acquisition	*9*	**(9.1)**	-	-
Purchase of financial asset investment	*9*	**(0.1)**	-	-
Purchase of property, plant and equipment		**(39.4)**	(38.1)	(85.1)
Proceeds from sale of property, plant and equipment		**0.3**	0.6	1.2
Net cash used in investing activities		**(61.9)**	(37.5)	(83.8)
Cash flows from financing activities				
Interest paid		**(2.0)**	(1.4)	(3.8)
Proceeds from issue of share capital		**1.5**	1.3	3.7
Shares held in trust purchased		**(3.3)**	-	-
Issue costs of long-term borrowings		**-**	-	(0.4)
Proceeds from borrowings	*11*	**38.0**	36.0	4.0
Repayment of borrowings acquired on acquisition	*11*	**(4.8)**	-	-
Dividends paid		**(31.7)**	(27.6)	(36.3)
Payment of lease capital		**(7.1)**	(6.7)	(13.8)
Payment of lease interest		**(1.5)**	(1.1)	(2.5)
Net cash (used in)/from financing activities		**(10.9)**	0.5	(49.1)
Net increase in cash and cash equivalents	*11*	**7.5**	11.3	20.1
Cash and cash equivalents at beginning of period	*11*	**20.3**	0.2	0.2
Cash and cash equivalents at end of period	*11*	**27.8**	11.5	20.3

Group statement of changes in equity (unaudited)

for the 26 weeks ended 23 September 2023

	Share capital £'m	Share premium £'m	Share-based payments £'m	Shares held in trust £'m	Hedging reserve £'m	Retained earnings £'m	Total equity £'m
At 25 March 2023	5.4	123.9	49.0	-	-	664.6	842.9
Profit for the period	-	-	-	-	-	64.2	64.2
Other comprehensive expense	-	-	-	-	-	(0.1)	(0.1)
Total comprehensive income	-	-	-	-	-	64.1	64.1
Share-based payments expense	-	-	4.3	-	-	-	4.3
Shares acquired by Employee Benefit Trust	-	-	-	(3.3)	-	-	(3.3)
Share options exercised	-	1.5	-	-	-	-	1.5
Dividends	-	-	-	-	-	(31.7)	(31.7)
Deferred tax relating to changes in equity	-	-	-	-	-	0.2	0.2
Corporation tax relating to changes in equity	-	-	-	-	-	0.4	0.4
At 23 September 2023	**5.4**	**125.4**	**53.3**	**(3.3)**	**-**	**697.6**	**878.4**
At 26 March 2022	5.3	115.9	44.3	-	(0.3)	603.7	768.9
Profit for the period	-	-	-	-	-	49.1	49.1
Other comprehensive income/(expense)	-	-	-	-	0.8	(4.0)	(3.2)
Total comprehensive income	-	-	-	-	0.8	45.1	45.9
Share-based payments expense	-	-	3.7	-	-	-	3.7
Scrip dividend	-	2.1	-	-	-	-	2.1
Share options exercised	-	1.3	-	-	-	-	1.3
Dividends	-	-	-	-	-	(29.7)	(29.7)
Deferred tax relating to changes in equity	-	-	-	-	-	(0.5)	(0.5)
Corporation tax relating to changes in equity	-	-	-	-	-	0.8	0.8
At 24 September 2022	5.3	119.3	48.0	-	0.5	619.4	792.5
(Audited)							
At 26 March 2022	5.3	115.9	44.3	-	(0.3)	603.7	768.9
Profit for the year	-	-	-	-	-	111.4	111.4
Other comprehensive income/(expense)	-	-	-	-	0.3	(9.7)	(9.4)
Total comprehensive income	-	-	-	-	0.3	101.7	102.0
Share-based payments expense	-	-	4.7	-	-	-	4.7
Scrip dividend	-	4.4	-	-	-	-	4.4
Share options exercised	0.1	3.6	-	-	-	-	3.7
Dividends	-	-	-	-	-	(40.7)	(40.7)
Deferred tax relating to changes in equity	-	-	-	-	-	(0.9)	(0.9)
Corporation tax relating to changes in equity	-	-	-	-	-	0.8	0.8
At 25 March 2023	5.4	123.9	49.0	-	-	664.6	842.9

Responsibility statement

The Directors confirm that these condensed set of consolidated interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first 26 weeks of the year and their impact on the condensed set of consolidated financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
- material related-party transactions in the first 26 weeks of the year and any material changes in the related-party transactions described in the last annual report.

The Board of Directors that served during the 26 weeks ended 23 September 2023, and their respective responsibilities, can be found on pages 82 to 83 and 95 of the Annual Report and Accounts for the 52 weeks ended 25 March 2023, dated 23 May 2023. A list of current Directors is maintained on the Cranswick plc website: www.cranswick.plc.uk

On behalf of the Board

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

21 November 2023

Notes to the interim accounts

1. Basis of preparation

Cranswick plc is a public limited company incorporated and domiciled in England, United Kingdom. The condensed set of consolidated interim financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK-adopted IAS 34, 'Interim Financial Reporting'. The Group is presenting its condensed consolidated interim financial statements for the 26 weeks to 23 September 2023 with comparative information for the 26 weeks to 24 September 2022 and the 52 weeks to 25 March 2023. This interim report was approved by the Directors on 21 November 2023.

The annual financial statements will be prepared in accordance with UK-adopted International Accounting Standards (IAS) and the requirements of the Companies Act 2006.

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of consolidated financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the 52 weeks ended 25 March 2023. These statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the full Annual Report and Accounts for the 52 weeks ended 25 March 2023.

The information does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the 52 weeks ended 25 March 2023 were prepared in accordance with UK-Adopted International Accounting Standards ('UK-Adopted IAS') and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, and have been filed with the Registrar of Companies.

1. Basis of preparation (continued)

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

Going concern

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

The Board's going concern assessment has utilised the Group's latest forecasts and has taken into account the Group's current position, future prospects and the potential impact of the principal risks of the Group. Management has produced forecasts to reflect severe yet plausible downside scenarios which consider the principal risks faced by the Group, including, but not limited to, a loss of consumer demand, an outbreak of Avian Influenza and a widespread outbreak of African Swine Fever in the UK and Europe, as well the Group's considerable financial resources and strong trading relationships with its key customers and suppliers. Sensitivity analysis was carried out on the Group's forecasts to quantify the financial impact of these risks on the strategic plan and on the Group's viability against specific measures including liquidity and bank covenants.

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

After reviewing the available information, including business plans and downside scenario modelling and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the twelve months from the date of signing the condensed consolidated interim financial statements. For this reason, the Directors continue to adopt the going concern basis for preparing these consolidated interim financial statements.

2. Accounting policies

The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the financial statements for the 52 weeks ended 25 March 2023, except as described below:

Purchase of shares held in trust

The Shares held in trust reserve relates to ordinary shares in Cranswick plc which are held in an Employee Benefit Trust set up in May 2020. The shares held in trust are intended to be granted to the beneficiaries of the Group's Long Term Incentive Plan (LTIP) when the relevant conditions of the LTIP are satisfied, with a transfer between the Shares held in trust reserve and Retained earnings.

Joint Ventures

The Group's interest in joint ventures is accounted for using the equity method. Under this method the Group's share of the profit or loss of joint ventures is included in the Group income statement and the Group share of joint ventures net assets is included in the Group balance sheet, less dividends received.

Taxation

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

There were no accounting standards or interpretations that have become effective in the current reporting period which had an impact on disclosures, financial position or performance.

3. Significant estimates and judgements

The significant estimates and judgements are unchanged from those disclosed in the consolidated year end financial statements with the exception of IAS 41 biological assets where there has been a change in available external data from AHDB in respect of suckler and weaner pig prices. As a result, management have used historic data and applied a correlation with the current UK standard pig price. There is no change in underlying methodology applied, however as these suckler and weaner prices are no longer observable in the market, management considers that this causes the valuation to move into Level 3 of the fair value hierarchy. Having considered the sensitivities in key inputs to suckler and weaner valuations, management considers that reasonable sensitivities would not result in a material impact on the fair value.

4. Segmental analysis

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

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

The reporting segments are organised based on the nature of the end markets served. The 'Food' segment entails manufacture and supply of food products to UK grocery retailers, the food service sector and other UK and global food producers. The 'Other' segment represents all other activities which do not meet the above criteria, principally Cranswick Pet Products Limited.

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

	Half year						52 weeks ended 25 March 2023		
	2023	**2023**	**2023**	2022	2022	2022			
	£'m	**£'m**	**£'m**	£'m	£'m	£'m	£'m	£'m	£'m
	Food	**Other**	**Total**	Food	Other	Total	Food	Other	Total
Revenue	**1,243.8**	**9.9**	**1,253.7**	1,102.6	13.7	1,116.3	2,296.4	26.6	2,323.0
Adjusted operating profit	**87.2**	**(1.7)**	**85.5**	67.6	0.8	68.4	146.3	0.2	146.5
Finance costs	**(3.9)**	**-**	**(3.9)**	(2.4)	-	(2.4)	(6.3)	(0.1)	(6.4)
Adjusted profit before tax	**83.3**	**(1.7)**	**81.6**	65.2	0.8	66.0	140.0	0.1	140.1

Geographical segments

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

	Half year		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
UK	**1,224.7**	1,075.8	2,236.2
Continental Europe	**15.8**	20.3	36.7
Rest of world	**13.2**	20.2	50.1
	1,253.7	1,116.3	2,323.0

4. Segmental analysis (continued)

In addition to the non-UK sales disclosed above the Group also made sales to export markets through UK-based meat trading agents totalling £28.9m (2022: £38.9m). Including these sales, total sales to export markets were £57.9m for the period (2022: £79.4m).

Customer concentration

The Group has three customers (2022: three) which individually account for more than 10% of the Group's total revenue. These customers account for 22%, 16% and 10% respectively. In the prior year, these same three customers accounted for 21%, 15% and 11% respectively.

5. Group operating profit

Group operating costs comprise:

	Half year		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Cost of sales excluding net IAS 41 valuation movement on biological assets	**1,077.1**	970.5	2,022.1
Net IAS 41 valuation movement on biological assets*	**(7.7)**	(1.2)	(7.6)
Cost of sales	**1,069.4**	969.3	2,014.5
Gross profit	***184.3***	*147.0*	*308.5*
Selling and distribution costs	**48.1**	46.5	94.8
Administrative expenses excluding impairment and amortisation of intangible assets	**43.0**	35.2	69.5
Impairment of intangible assets (Note 14)	**-**	3.0	3.0
Amortisation of acquired intangible assets	**2.4**	2.7	5.2
Administrative expenses	**45.4**	40.9	77.7
Other operating income	**-**	(4.3)	(9.9)
Total operating costs	**1,162.9**	1,052.4	2,177.1

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

Included within other operating income at 24 September 2022 is a credit of £4.3m and at 25 March 2023 is a credit of £9.9m for an insurance claim received in the period.

6. Taxation

The tax charge of £22.7m (2022: £12.4m) gives an effective tax rate of 26.1% (2022: 20.2%). The effective tax rate is higher than the UK statutory rate of corporation tax of 25.0% (2022: 19.0%) due to increased depreciation on assets not qualifying for tax relief and tax adjustments required on share-based payments.

7. Earnings per share

Basic earnings per share are based on profit for the period attributable to Shareholders and on the weighted average number of shares in issue during the period (excluding the 93,692 ordinary shares held by the Employee Benefit Trust) of 53,712,000 (25 March 2023: 53,461,000, 24 September 2022: 53,348,000). The calculation of diluted earnings per share is based on 53,903,000 shares (25 March 2023: 53,590,000, 24 September 2022: 53,451,000).

8. Dividends

	Half year 2023 £'m	Half year 2022 £'m	52 weeks ended 25 March 2023 £'m
Interim dividend for year ended 25 March 2023 of 20.6p per share	**-**	-	11.0
Final dividend for year ended 25 March 2023 of 58.8p (2022: 55.6p) per share	**31.7**	29.7	29.7
	31.7	29.7	40.7

The interim dividend for the year ending 30 March 2024 of 22.7p per share was approved by the Board on 21 November 2023 for payment to Shareholders on 26 January 2024 and therefore has not been included as a liability at 23 September 2023.

9. Acquisitions

(i) Elsham Linc Limited

On 4 August 2023, the Group acquired 100% of the issued share capital of Elsham Linc Limited, a commercial pig farming enterprise operating from numerous sites across North Lincolnshire and the Humber, for an initial net cash consideration of £13.6m.

Included within the assets acquired is Elsham Linc Limited's 50% share of the Mere Pigs joint venture, a commercial pig farming business. Beechgrove Farms Limited, the other party to the joint venture, holds the remaining 50% interest in Mere Pigs.

The acquisition is in line with the Group's focus on increasing self-sufficiency in British pigs.

The acquisition has been accounted for as a business combination using the acquisition method of accounting in accordance with IFRS 3 Business Combinations and consequently the assets acquired, and liabilities assumed, have been recorded by the Group at fair value, with an excess purchase price over the fair value of the identifiable asset and liabilities being recognised as goodwill.

The following table sets out the provisional fair values of the identifiable assets and liabilities acquired by the Group in relation to Elsham Linc Limited:

	Provisional fair value £'m
Net assets acquired:	
Property, plant and equipment	22.7
Investment in joint venture	0.4
Biological assets	7.5
Inventories	1.0
Trade and other receivables	2.3
Bank and cash balances	(3.1)
Bank loans	(4.8)
Trade and other payables	(17.5)
Deferred tax liability	(0.2)
	8.3
Goodwill arising on acquisition	3.3
Total consideration	11.6

9. Acquisitions (continued)

Satisfied by:	
Initial cash consideration	10.5
Deferred consideration	1.1
	11.6

Net cash outflow arising on acquisition:	
Cash consideration paid	10.5
Cash and cash equivalents acquired	3.1
	13.6

The fair values on acquisition are provisional pending finalisation of the completion accounts and will be concluded within twelve months of the acquisition date at which the deferred consideration will be paid.

The fair value of trade and other receivables acquired is the same as the gross contractual amounts. All of the trade and other receivables acquired are expected to be collected in full.

Following management's assessment, no customer relationship intangibles have been recognised and there are no trademarks linked to Elsham Linc Limited.

Included in the £3.3m of goodwill recognised above are certain intangible assets that cannot be individually separated from the acquiree and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce.

Transaction costs in relation to the acquisition of £0.3m have been expensed within administrative expenses.

From the date of acquisition to 23 September 2023, the external revenue of Elsham Linc Limited was £3.0m and the business contributed net profit after tax of £0.3m to the Group. The share of profit in the joint venture from the date of acquisition was less than £0.1m. Had the acquisition taken place at the beginning of the financial year, Group revenue would have been £1,268.6m, and Group profit after tax would have been £64.8m.

In addition to the initial cash consideration paid of £10.5m, the Group immediately paid a further £21.2m consisting of a £3.1m bank overdraft, £4.8m bank loan, £9.1m for property, plant and equipment acquired and £4.2m other payables settled on acquisition.

(ii) Financial asset investment - BIA Analytical Ltd

On 22 September 2023, the Group acquired 2.77% of the ordinary share capital of BIA Analytical Ltd, a lab-based authenticity testing business, for £0.1m. BIA Analytical is registered in Northern Ireland, company number NI657772.

(iii) Contingent consideration

The Sale and Purchase agreements for Atlantica UK Limited and Ramona's Kitchen Limited included contingent consideration payable in cash to the previous owners based on the performance of the businesses in the period to 30 June 2024. The amount payable will be between £nil and £2.8m.

The fair value of the contingent consideration on acquisition was estimated at £2.7m and was estimated calculating the present value of the future expected cashflows. The value has been reassessed at the end of the reporting period based on latest Board approved cash flows with no change required.

10. Financial instruments

The Group's activities expose it to a number of financial risks which include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Board considers the Group's financial instruments risk management strategy to be the same as described within the Directors' Report on page 129 of the Annual Report and Accounts for the 52 weeks ended 25 March 2023.

10. Financial instruments (continued)

Fair value of financial instruments

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

	Half year				52 weeks ended	
	2023		2022		25 March 2023	
	Book value £'m	**Fair value £'m**	Book value £'m	Fair value £'m	Book value £'m	Fair value £'m
Forward currency contracts	**-**	**-**	(0.6)	(0.6)	-	-
Contingent consideration	**2.7**	**2.7**	2.7	2.7	2.7	2.7

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

Reconciliation of contingent consideration:

	£'m
At 25 March 2023	2.7
Accrued in the period	-
At 23 September 2023	**2.7**

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

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

11. Analysis of Group net debt

	At 25 March 2023 £'m	Acquired on acquisition £'m	Cash flow £'m	Non-cash movements £'m	**At 23 September 2023 £'m**
Cash and cash equivalents	20.3	(3.1)	10.6	-	**27.8**
Bank loan	-	(4.8)	4.8	-	**-**
Revolving credit facility	(40.5)	-	(38.0)	(0.3)	**(78.8)**
Net debt excluding IFRS 16 leases liability	(20.2)	(7.9)	(22.6)	(0.3)	**(51.0)**
Lease liabilities	(81.2)	-	8.6	(18.3)	**(90.9)**
Total net debt	(101.4)	(7.9)	(14.0)	(18.6)	**(141.9)**

11. Analysis of Group net debt (continued)

Net debt is defined as cash and cash equivalents and loans receivable less interest-bearing liabilities (including IFRS 16 lease liabilities) net of unamortised issue costs of £1.2m.

The Group acquired a £3.1m overdraft and £4.8m bank loan as part of the Elsham Linc Limited acquisition, these were repaid immediately upon acquisition.

12. Related party transactions

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

13. Property, plant and equipment, right-of-use assets and capital expenditure commitments

Additions to owned property, plant and equipment during the period totalled £40.5m (2022: £40.1m). Future capital expenditure under contract at 23 September 2023 was £18.5m (2022: £16.1m).

Additions to right-of-use assets in the period totalled £13.8m (2022: £14.0m). At 23 September 2023, the Group had no signed leases for right-of-use assets which commence after the balance sheet date (2022: £nil).

14. Impairment of non-current assets

No impairment of goodwill was recognised in the 26 weeks ended 23 September 2023 (2022: £nil). The Group reviewed both internal and external sources of information and concluded that there are no indicators of impairment during the 26 weeks to 23 September 2023, hence no impairment loss was recognised in the period.

During the year, a review of existing cash-generating units (CGUs) was conducted to assess whether the previously identified CGUs accurately represent the way Cranswick collects data and reviews it for management reporting and strategic planning purposes.

Following a review of IAS 36 'Impairment of Assets', it was deemed appropriate for the goodwill assessment to combine the Fresh Pork and Livestock CGUs on a collective basis as this is how the Cranswick management team monitors the strategy, assesses the performance of the business and monitors goodwill. Consequently, goodwill associated with the Livestock CGU was combined with the Fresh Pork CGU. The resulting change does not impact the assessment of goodwill impairment considerations in the current period or prior years.

No impairment of other intangible assets was recognised in the 26 weeks ended 23 September 2023 (2022: £3.0m).

There were no impairment losses in the period (2022: £nil) with respect to investments in joint ventures.

15. Shares held in trust

During the 26 weeks ended 23 September 2023, the Cranswick Employee Benefit Trust (the "Trust"), which was set up in May 2020, began purchasing Cranswick plc shares. Shares held in trust are recorded at cost and deducted from equity.

The Shares held in trust reserve represents the cost of shares in Cranswick plc purchased in the market and held by the Trust to satisfy share awards under the Group's Long Term Incentive Plan. The number of ordinary shares held by the Trust at 23 September 2023 was 93,692 which represents 0.17% of total called-up share capital. No shares held in trust in Cranswick plc were cancelled during the periods presented.

16. Alternative performance measures

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

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

Like-for-like revenue	**Half year**		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Revenue	**1,253.7**	1,116.3	2,323.0
Cranswick Mediterranean Foods Limited	**(0.9)**	-	-
Elsham Linc Limited	**(3.0)**	-	-
Like-for-like revenue	**1,249.8**	1,116.3	2,323.0

Adjusted gross profit	**Half year**		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Gross profit	**184.3**	147.0	308.5
Net IAS 41 valuation movement on biological assets	**(7.7)**	(1.2)	(7.6)
Adjusted gross profit	**176.6**	145.8	300.9

Adjusted Group operating profit and adjusted EBITDA	**Half year**		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Group operating profit	**90.8**	63.9	145.9
Net IAS 41 valuation movement on biological assets	**(7.7)**	(1.2)	(7.6)
Amortisation of acquired intangible assets	**2.4**	2.7	5.2
Impairment of intangible assets	**-**	3.0	3.0
Adjusted Group operating profit	**85.5**	68.4	146.5
Depreciation of plant, property and equipment	**30.1**	26.9	54.1
Depreciation of right-of-use assets	**7.7**	6.9	14.7
Adjusted EBITDA	**123.3**	102.2	215.3

16. Alternative performance measures (continued)

Adjusted profit before tax

	Half year		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Profit before tax	**86.9**	61.5	139.5
Net IAS 41 valuation movement on biological assets	**(7.7)**	(1.2)	(7.6)
Amortisation of acquired intangible assets	**2.4**	2.7	5.2
Impairment of acquired intangible assets	**-**	3.0	3.0
Adjusted profit before tax	**81.6**	66.0	140.1

Adjusted earnings per share

On adjusted profit for the period:

	Half year				52 weeks ended 25 March	
	2023 Basic pence	**2023 Diluted pence**	2022 Basic pence	2022 Diluted pence	2023 Basic pence	2023 Diluted pence
On profit for the period	**119.5**	**119.1**	92.0	91.8	208.3	207.8
Net IAS 41 valuation movement on biological assets	**(14.3)**	**(14.2)**	(2.3)	(2.3)	(14.2)	(14.2)
Tax on net IAS 41 valuation movement on biological assets	**3.6**	**3.6**	0.6	0.6	3.6	3.6
Amortisation of acquired intangible assets	**4.5**	**4.5**	5.1	5.1	9.6	9.6
Tax on amortisation of acquired intangible assets	**(1.1)**	**(1.1)**	(1.0)	(1.0)	(1.8)	(1.8)
Impairment of intangible assets	**-**	**-**	5.6	5.6	5.6	5.6
Tax on impairment of intangible assets	**-**	**-**	(1.4)	(1.4)	(1.1)	(1.1)
On adjusted profit for the period	**112.2**	**111.9**	98.6	98.4	210.0	209.5

Free cash flow

	Half year		52 weeks ended 25 March
	2023	2022	2023
	£'m	£'m	£'m
Net cash from operating activities	**80.3**	48.3	153.0
Net interest paid	**(2.0)**	(1.4)	(3.8)
Free cash flow	**78.3**	46.9	149.2

17. Principal risks and uncertainties

The Group continues to have a structured and mature approach to risk management that ensures a systematic and planned method to the identification, evaluation and mitigation of key risks facing the business. The successful implementation, over prior months, of a new risk management IT system across the Group, has led to improvements in the quality and integrity of reported risk information and importantly the ability to respond promptly to existing and emerging risks. Going forward, the Group will focus on using analysis functionality within the new risk management IT system to further enhance our risk assessment processes.

The principal risks and uncertainties facing the Group are set out in detail on pages 72 to 76 of the Annual Report and Accounts for the 52 weeks ended 25 March 2023, dated 23 May 2023, a copy of which is available on the Group's website.

17. Principal risks and uncertainties (continued)

As previously reported within the Annual Report and Accounts for the 52 weeks ended 25 March 2023, COVID-19 and Brexit Disruption principal risks have been removed at 23 September 2023 as they no longer pose a material risk to the Group. Management of these two risks will be dealt with as part of our day-to-day operations.

The Board therefore considers the principal risks and uncertainties at 23 September 2023 to be as follows:

- Reliance on key customers and exports
- Disease and infection within livestock
- Consumer demand
- Recruitment and retention of key personnel
- Climate change
- Food scares and product contamination
- Disruption to Group operations
- Adverse media attention
- Labour availability and cost
- Growth and change
- Pig meat availability and price
- Competitor activity
- Health and Safety
- Interest rate, currency, liquidity and credit risk
- IT systems and cyber security

Over recent months the Group has continued to see volatility within existing risks caused by external issues including the ongoing war in Ukraine, the cost of living crisis, the high rate of UK inflation and broader economic and supply chain uncertainties.

Disease in livestock continues to present a significant risk to the Group with the unseasonal high number of Avian Influenza (AI) cases in the Northeast of Scotland being closely watched together with the strictest bio-security protocols across all Cranswick farms being enforced.

In addition, African Swine Fever (ASF) continues to impact China and, to a lesser extent Eastern Europe, with cases detected in Italy, Romania, Poland, and Germany. While the spread of the virus in Europe appears to be well controlled, we remain acutely aware of the impact an outbreak of ASF would have on the UK pig industry and its ability to continue exporting. The UK industry remains on high alert with intensive bio-security protocols in place.

Independent review report to Cranswick plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Cranswick plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim results of Cranswick plc for the 26 week period ended 23 September 2023 (the "period").

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

The interim financial statements comprise:

- the Group balance sheet as at 23 September 2023;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group statement of cash flows for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Independent review report to Cranswick plc (continued)

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

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds
21 November 2023