4 September 2024

Hilton Food Group plc

Strong profit performance and like-for-like volume growth

Current trading in line with expectations

Hilton Foods today announces its interim results for the 26 weeks to 30 June 2024. The business has also published a separate announcement this morning regarding a Board appointment.

Business highlights

- Core meat category delivering strong retail volume growth across all operating regions
- Seafood business continues to improve, underpinning profit growth in UK & Ireland
- Good progress in developing cross-sell opportunities
- Hilton Foods Canada remains on track for 2027 with Walmart
- Vegan and vegetarian now in single operating site
- Foods Connected wins new global contract with McDonald's
- Commitment to sustainability and progress continues across all areas, especially packaging

Financial overview

H1 2024 represents a 26 week period and is compared with a 28 week period in H1 2023. Variances below are presented on a reported basis and for a comparable like-for-like 26 week constant currency basis [2].

- Volume increase of 3.2% with revenue up by 1.0% on a like-for-like basis with volume growth offset by raw material price deflation in the APAC region. On a statutory basis revenue down 8.4% to £1.94bn
- Adjusted operating profit [2] increased by 23.2% on a like-for-like basis and by 12.2% on a reported basis to £46.9m. Statutory operating profit up 42.3%
- Strong free cash flow [2] of £34.7m (2023: £18.9m); remaining a highly cash generative business
- Net bank debt [2] of £137.0m (£139.7m at 2023 year-end) (£216.5m at 16 July 2023); period end net bank debt as a proportion of adjusted EBITDA [2] 0.9x (2023 year-end: 1.0x)
- Interim dividend of 9.6p (2023: 9.0p)

	2024 26 weeks to 30 June 2024	2023 28 weeks to 16 July 2023	Change Reported	 26 week constant currency
Volume (tonnes) [1]	**260,907**	**272,321**	**-4.2%**	**3.2%**
Revenue	**£1,943.8m**	**£2,123.1m**	**-8.4%**	**1.0%**
Adjusted operating profit [2]	**£46.9m**	**£41.8m**	**12.2%**	**23.2%**
Adjusted profit before tax [2]	**£33.5m**	**£26.8m**	**25.3%**	**37.8%**
Adjusted basic earnings per share [2]	**25.8p**	**21.6p**	**19.4%**	**31.3%**
Statutory operating profit	**£43.6m**	**£30.6m**	**42.3%**	
Statutory profit before tax	**£25.4m**	**£11.3m**	**125.7%**	
Statutory basic earnings per share	**18.8p**	**7.6p**	**147.4%**	
Free cash flow [2]	**£34.7m**	**£18.9m**		
Net bank debt [2]	**£137.0m**	**£216.5m**		
Interim dividends	**9.6p**	**9.0p**	**6.7%**	

Outlook
Hilton Foods is well-positioned and continues to trade in line with expectations for the full year. The Group maintains a strong financial position and we continue to be well placed in a large, attractive marketplace, underpinned by long-standing customer partnerships. Hilton Foods continues to invest in its clear strategic priorities while exploring further growth opportunities and wider geographic expansion with existing and new customers.

Steve Murrells CBE Hilton Foods Chief Executive Officer, said:
"These results represent another step forward as Hilton Foods further improves business performance and profitability. Our core meat category performed particularly well, driving volume growth, while the continued positive momentum in our seafood business has helped to underpin profit performance. Our core product ranges remain highly attractive to both our customers and their consumers, while the breadth of our offering make us well placed to win across every meal, in both retail and food service.

"The hard work of all our teams, coupled with our proprietary technology and market-leading innovation, has underpinned the strength of our relationships with customers during the period. I would like to take this opportunity to thank all my colleagues for their ongoing commitment.

"As I look ahead, Hilton Foods has all the right attributes in place. Our strong financial platform, unique multi-category offer, and market-leading technology adds to my confidence in the Group's ability to achieve further international growth."

Notes
1 Volume includes 50% share of the Portuguese joint venture activities
2 Hilton uses Alternative Performance Measures (APMs) to monitor the underlying performance of the Group which are detailed in note 16 and the Glossary. Management considers that APMs, in addition to statutory metrics, provide useful information on business performance which enables management to monitor and manage the business day-to-day. Unless otherwise stated financial metrics in the Business highlights, Financial overview, Review of operations and Financial review refer to the Adjusted results.

A presentation for analysts and investors will be held this morning at 09.00, which will also be webcast. For access to the live webcast, please register at the following link: https://stream.brrmedia.co.uk/broadcast/66a8dad227d380a9b7f0c665.

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This announcement contains inside information.

About Hilton Foods

Hilton Foods is a leading international multi-protein producer, serving customers and retail partners across the world with high quality meat, seafood, vegan and vegetarian foods and meals. We are a business of over 7,000 employees, operating from 24 technologically advanced food processing, packing and logistics facilities across 19 markets in Europe, Asia Pacific and North America. For thirty years, our business has been built on dedicated partnerships with our customers and suppliers, many forged over several decades, and together we target long-term, sustainable growth and shared value. We supply our customers with high quality, traceable, and assured food products, with high standards of technical excellence and expertise.

Cautionary statement

This interim management report contains forward-looking statements. Such statements are based on current expectations and assumptions and are subject to risk factors and uncertainties which we believe are reasonable. Accordingly, Hilton's actual future results may differ materially from the results expressed or implied in these forward-looking statements. We do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Alternative performance measures (APMs)

Hilton uses Alternative Performance Measures (APMs) to monitor the underlying performance of the Group which are detailed in note 16. Management considers that APMs, in addition to statutory metrics, provide useful information on business performance which enables management to monitor and manage the business day-to-day.

Review of operations

The Group is presenting its interim results for the 26 weeks 30 June 2024, together with comparative information for the 28 weeks to 16 July 2023. These interim results are prepared in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK Financial Conduct Authority.

Performance overview

A strong business performance in the period saw volumes increase by 3.2% on a like-for-like basis*. Revenue decreased by 8.4% to £1.94bn but was up by 1.0% on a like-for-like basis* with the benefits of strong volume growth in the UK & Ireland offset by the impact of raw material price deflation in the APAC region. The adjusted operating margin increased to 2.4% (2023: 2.0%) and the adjusted operating margin per kg increased to 18.0p per kg (2023: 15.3p per kg).

UK and Ireland

Adjusted operating profit of £21.1m (2023: £12.8m) on revenue of £709.6m (2023: £701.1m)

This operating segment covers the Hilton Foods businesses and joint ventures in the UK and Ireland including meat processing facilities in Huntingdon, fish facilities in Grimsby as well as the Fairfax Meadow food service business.

Volumes were 2.1% higher and revenue increased by 9.3% on a like-for-like basis* driven through core retail meat and strong performing premium tier products. Adjusted operating margins increased to 3.0% (2023: 1.8%) reflecting the performance of our improving seafood business and our strong core meat category performance including positive shifts in product mix.

Europe

Adjusted operating profit of £19.2m (2023: £20.4m) on revenue of £519.7m (2023: £553.8m)

This operating segment covers the Hilton Foods meat, fish, vegan and vegetarian businesses and joint ventures in Holland, Belgium, Sweden, Denmark, Central Europe, Greece and Portugal.

Volumes were 0.8% higher and revenue increased by 2.8% on a like-for-like basis*. Adjusted operating margins were maintained at 3.7% (2023: 3.7%) with operating profit up 1.9% on a like-for-like* basis. The results reflect expansion in localised convenience foods across Sweden and Central Europe although a structural market reset in vegan and vegetarian remains challenging and we are continuing to optimise vegan and vegetarian single operating site performance.

The property damage and business interruption insurance claim in connection with a fire at our facility in Belgium in 2021 has been concluded with a final payment of £13m received since the period end. In line with accounting standards this has not been recognised in the interim financial statements and will be recognised in the second half of the year.

APAC

Adjusted operating profit of £14.5m (2023: £16.5m) on revenue of £714.5m (2023: £868.2m)

In Australia, the Group operates plants in Bunbury, Western Australia, Melbourne, Victoria and Brisbane, Queensland. We also have a facility in Auckland, New Zealand.

Volumes during the period increased by 6.8% through strong trade and best fit product range although revenues were 6.7% lower on a like-for-like basis* primarily due to raw material price deflation. Adjusted operating margins increased slightly to 2.0% (2023: 1.9%) with operating profit 0.3% lower on a like-for-like basis*, after adjusting for the impact of a weaker Australian Dollar and reduced interest cost recovery under our cost plus contract.

** 26 week constant currency like-for-like basis*

Strategic progress

Our growth strategy will be delivered through a focus on the following four strategic priorities;

1. We will grow our international footprint
2. We will expand our multi-category offer
3. We will build further expertise as a supply chain partner
4. We will leverage technology as a driver of value

Throughout the first half of the year, we have made significant progress across all four of our strategic priorities.

1. **Growing our international footprint:** The team has been working closely in partnership with our new customer Walmart to finalise product ranges. We have employed our first resource in the country for closer everyday working relations and we remain on track to launch Hilton Foods Canada in 2027, our first operating facility in North America. In addition to this, we have put in place an international trading team who will target expanding the reach of our existing product portfolio into the Asian market.
2. **Expanding our multi-category offer:** We have unlocked growth opportunities through cross-selling, harnessing the international reach of our business and the opportunity within our multi-category offer, working across our markets to sell products from one to another. For example, we have launched coated seafood products into the New Zealand market and slow-cooked meat products in Ireland, both produced at our facilities in the UK. The team continues to work on a pipeline of future opportunities of a similar nature, increasing our share of business in existing categories and entering new categories across the markets we operate.
3. **Building further expertise as a supply chain partner:** Although we specialise in the middle section of the farm-to-fork supply chain we influence and guide throughout. Our customer teams have worked with their retail and supplier partners to review end-to-end opportunities which has unlocked growth opportunities in beef steaks in the UK market. Within the APAC region, we have become further integrated into our customers in all aspects of supply chain planning, including procurement demand planning.
4. **Leveraging technology as a driver of value:** Technology has supported our improving seafood business through automation and most recently a new white fish processing line which has been installed in the first half of the year, improving efficiency and reducing labour reliance. We have continued in the first half of the year with our UK automation programme in our meat facilities, roll-out of flow wrap packaging technology for our mince products into more European countries and Foods Connected continues to support our business and our customers to best manage a complex supply chain. We have also made progress in commercialising our tech stack including a global contract between McDonald’s and Foods Connected, and Agito was chosen as a supplier partner for an automation project with Coca-Cola Europacific Partners.

These strategic priorities are underpinned by our rigorous approach to sustainability across people, the planet and product, and our financial ambitions. We have achieved 36% of positions of leadership held by women, surpassing our target of 30% by the end of 2025. We have supported the development of a standardised carbon measurement tool enabling targeted decarbonisation of the seafood supply chain and installed Solar PV arrays at our processing facilities in Truganina, Australia. In addition to this, in Australia, 91% of our packaging is now recyclable, and in May we completed a project that will remove 23 million pads from our meat trays annually. Furthermore we will save 390 tonnes of plastic annually from our mince packaging through further roll-out of flow wrap packaging to Denmark, Ireland and Central Europe. We have also continued to make progress versus our financial ambitions, notably an improvement in ROCE to 20.2% (see Glossary for definition).

Investments in our facilities

Hilton continues to invest in all its facilities maintaining state of the art levels required to service our customers’ growth, extend the range of products supplied to those customers and deliver both first class service levels and further increases in production efficiency. These focused investment target strong growth. Capital expenditure during the period was £27.1m (2023: £27.8m) which included investment in UK factory automation, smoked salmon efficiency improvements and the consolidation of the vegan and vegetarian operations into a single facility.

Financial review

Adjusted results represent the IFRS results before deduction of acquisition intangibles amortisation, other adjusting/exceptional items and IFRS 16 lease adjustments. These adjustments are detailed in the Alternative performance measures note 16.

Group results
Revenue reduced by 8.4% to £1,943.8m (2023: £2,123.1m) but was up 1.0% on a like-for-like basis* reflecting higher volumes but lower raw material prices. Further details of revenue and volume growth by segment are detailed in the Review of operations above.

Adjusted operating profit for the first 26 weeks of 2024 was £46.9m, 12.2% higher than in the previous year (2023: £41.8m) and 23.2% higher on a like-for-like basis*. The adjusted operating profit margin increased to 2.4% (2023: 2.0%). IFRS operating profit for the first 26 weeks of 2024 was £43.6m (2023: £30.6m) after charging exceptional costs of £0.4m (2023: £7.7m).

Adjusted net finance costs excluding exceptional items and lease interest decreased to £13.3m (2023: £15.0m) reflecting lower benchmark rates as well as lower borrowings. Interest cover was 3.5 times (2023: 2.8 times). Similarly IFRS net finance costs decreased to £18.1m (2023: £19.3m).

The adjusted taxation charge for the period was £9.3m (2023: £6.8m) representing an effective adjusted tax rate of 27.9%, compared with 25.2% last year. The IFRS taxation charge was £7.6m (2023: £3.8m) representing a lower effective tax rate of 29.8% (2023: 34.0%) attributable to the lower exceptional costs.

Net income represents profit for the year attributable to owners of the parent. Adjusted net income of £23.2m was 19.8% higher than last year (2023: £19.3m) primarily reflecting the higher operating profit and lower interest costs. IFRS net income was £16.8m (2023: £6.8m) also reflecting lower exceptional costs.

Adjusted basic earnings per share of 25.8p in the first 26 weeks of 2024 were 19.4% above 21.6p last year reflecting the higher net income. Similarly IFRS basic earnings per share was higher at 18.8p (2023: 7.6p).

Adjusted EBITDA increased to £70.7m for the period (2023: £67.5m) and EBITDA was £81.5m (2023: £72.3m).

Balance sheet, cash flow and funding
In the first 26 weeks the Group generated £34.7m of free cash flow (2023: £18.9m). Net cash generated from operating activities was £64.2m (2023: £48.1m). During the period a further £4.4m was invested in Cellular Agriculture Ltd following the achievement of development milestones.

Return on capital employed (ROCE), calculated as adjusted operating profit divided by average of opening and closing capital employed representing total equity adjusted for net bank debt, leases, derivatives and deferred tax, was 20.2% (18.3% for the 2023 financial year).

Cash balances at 30 June 2024 were £95.3m (2023: £79.7m) which, net of bank borrowings of £232.3m (2023: £296.1m), resulted in net bank debt of £137.0m (£216.5m at 16 July 2023 and £139.7m at 31 December 2023). Net bank debt at the end of the period as a proportion of annualised adjusted EBITDA was 0.9 times (2023 year-end: 1.0 times). Net debt including lease liabilities was £355.2m (£442.4m at 16 July 2023 and £366.6m at 31 December 2023).

At 30 June 2024 the Group had undrawn committed facilities under its syndicated banking facilities of £138.3m (£108.7m at 31 December 2023). These banking facilities are subject to covenants comprising net bank debt to EBITDA and EBITDA interest cover. There was comfortable headroom under these covenants at 30 June 2024 for these metrics.

Dividends
The Group has maintained a progressive dividend policy since flotation. Hilton Foods remains financially strong with significant cash balances and undrawn loan facilities, and we continue to operate well within our banking covenants. The Board is satisfied that the Group has adequate headroom under its existing facilities, that it is appropriate to continue to operate and to maintain this dividend policy and has approved the payment of an interim dividend of 9.6p per ordinary share (2023: 9.0p). The interim dividend, representing an increase of 6.7% on the interim dividend declared in the prior year, amounting to £8.6m will be paid on 29 November 2024 to shareholders on the register at close of business on 1 November 2024.

** 26 week constant currency like-for-like basis*

Going concern

The Directors have performed a detailed assessment, including a review of the Group's budget and forecasts for the 12 months from the date of this report and its longer term plans, including consideration of the principal risks faced by the Group. The resilience of the Group in the face of uncertain challenges has then been assessed by applying significant downside sensitivities to the Group's cash flow projections. Allowing for these sensitivities and potential mitigating actions the Board is satisfied that the Group is able to continue to operate well within its banking covenants and has adequate headroom under its existing committed facilities which do not expire until 2027. The Directors are satisfied that the Group has adequate resources to continue to operate and meet its liabilities as they fall due for a period of at least 12 months from the date of signing these interim financial statements and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial statements.

The Group's borrowings are detailed in note 11 to this report and the principal banking facilities which support the Group's existing and contracted new business, are committed. The Group is in full compliance with all its banking covenants and based on forecasts and sensitised projections is expected to remain in compliance. Future geographical expansion which is not yet contracted, and which is not built into our internal budgets and forecasts, may require additional or extended banking facilities and will depend on our ability to negotiate appropriate additional or extended facilities, as and when they are required.

The Group's internal budgets and forward forecasts, which incorporate all reasonably foreseeable changes in trading performance, are regularly reviewed by the Board and show that it will be able to operate within its current banking facilities, taking into account available cash balances, for the foreseeable future.

The principal risks and uncertainties facing the Group's businesses

Effective risk management at Hilton Foods is essential to the delivery of our strategic objectives and aims to safeguard the interests of all our stakeholders in an increasingly complex world. Our proactive approach to risk management ensures the long-term sustainable growth of all aspects of our business and is integrated into everything we do. The most significant business risks that Hilton Foods faces, together with the measures we have adopted to mitigate these risks, are outlined on pages 28 to 34 of the Hilton Food Group plc 2023 Annual report. The principal risks and uncertainties identified in that report were:

- The progress of the Hilton Foods business is affected by the macroeconomic and geopolitical environment and levels of consumer spending;
- The Hilton Foods growth potential may be affected by the success of our customers and the growth of their packed foods sales;
- Hilton Foods strategy focuses on a small number of customers who can exercise significant buying power and influence when it comes to contractual renewal terms at 1 to 15-year intervals;
- As Hilton Foods continues to grow there is more reliance on key personnel and their ability to manage growth, change, integration and compliance across new legislative and regulatory environments. This risk increases as the Group continues to expand with new customers and into new territories either organically or through acquisition with potentially greater reliance on stretched skilled resource and execution of simultaneous growth projects;
- Hilton Foods business strength is affected by our ability to maintain a wide and flexible global food supply base operating at standards that can continuously achieve the specifications set by ourselves and our customers. Increasing geopolitical tension has heightened this risk exposure into 2024.
- Contamination within the supply chain including outbreaks of disease and feed contaminants affecting livestock and fish;
- Significant incidents such as fire, flood, pandemic or interruption of supply of key utilities could impact the Group's business continuity;
- Hilton Foods IT systems could be subject to cyber-attacks, including ransomware and fraudulent external email activity. Such attacks are rapidly increasing in frequency and sophistication, especially with the progression of artificial intelligence;
- A significant breach of health & safety legislation or accident resulting from negligence or management oversight. The complexity of this risk increases as the Group expands both geographically and into new product groups; and
- Hilton Foods business and supply chain is affected by climate change risks comprising both physical and transition risks. Physical risks include long-term rises in temperature and sea levels as well as changes to the frequency and severity of extreme weather events. Transition risks include policy changes, reputational impacts, and shifts in market preferences and technology.

Geopolitical Uncertainty
Geopolitical uncertainty and increasing levels of active hostilities in multiple regions is a significant concern and increases the risk impacting our supply chains and operations. Disruption to energy markets, global shipping and international trade can also have far-reaching impacts. However, our continued review of mitigations enables us to maintain resilience in our supply chains and operations.

The macroeconomic environment
Cost-of-living pressures and economic uncertainty continue in much of the world, amidst persistently elevated inflation and interest rates. As the level of inflation and interest rates start to ease we expect consumer spending and eating habits to recover but remain cautious. We recognise the effect of higher interest costs on all businesses and we continue to focus on ways of reducing our exposure such as the use of cash pooling and exploring working capital financing.

Our continued focus on cost control, innovation and factory efficiency is enabling us to manage the inflationary pressures the industry is currently facing. Through our strong customer relationships we are able to support consumers to navigate through these challenging times.

Changing regulatory landscape and post-Brexit trade
Hilton Foods has a strong basis of environmental, social and governance policies and strategy. We recognise the potential disruption from growing environmental regulations and the resourcing requirements to meet upcoming disclosure requirements. We are actively enhancing our mitigations, including third party risk management and supply chain due diligence.

We continue to monitor the UK and EU regulatory and trade environments as they evolve and amend processes and operations as required. We work closely with our customers and supply chains to adapt to further revisions to Border processes.

Cyber Risk
The risk of cyber attacks a are an increasing threat to businesses and we are aware that specific sectors including manufacturing and logistics are increasingly a focus of such attacks. We continue to enhance our risk mitigation activities focussing on both the direct threat to our operations and the wider supply chain.

The risks and uncertainties outlined above had no material adverse impact on the results for the 26 weeks to 30 June 2024 and are expected to remain virtually unchanged for the remainder of the 2024 financial year.

Steve Murrells CBE
Chief Executive Officer

Matt Osborne
Chief Financial Officer

3 September 2024

Statement of Directors' responsibilities

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

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

The maintenance and integrity of the Hilton Food Group plc website is the responsibility of the Directors; the work carried out by the authors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

The Directors of Hilton Food Group plc are listed in the 2023 Hilton Food Group plc Annual report and financial statements. There have been no changes in Directors since 31 December 2023. A list of current Directors is maintained on the Hilton Food Group plc website at https://www.hiltonfoods.com/.

On behalf of the Board

Robert Watson OBE
Chairman

Matt Osborne
Chief Financial Officer

Condensed Consolidated Income statement

Continuing operations	Note	**26 weeks ended 30 June 2024 £'000**	28 weeks ended 16 July 2023 £'000
Revenue	4	**1,943,766**	2,123,139
Cost of sales		**(1,727,140)**	(1,901,347)
Gross profit		**216,626**	221,792
Distribution costs		**(22,606)**	(24,224)
Administrative expenses		**(150,284)**	(167,723)
Share of profit in joint ventures and associates		**(174)**	772
Operating profit	4,16	**43,562**	30,617
Finance costs		**(18,121)**	(19,343)
Profit before income tax		**25,441**	11,274
Income tax expense	5	**(7,575)**	(3,834)
Profit for the period		**17,866**	7,440
Profit attributable to:			
Owners of the parent		**16,823**	6,770
Non-controlling interests		**1,043**	670
		17,866	7,440
Earnings per share for profit attributable to owners of the parent			
- Basic (pence)	7	**18.8**	7.6
- Diluted (pence)	7	**18.6**	7.5

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of comprehensive income

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Profit for the period	**17,866**	7,440
Other comprehensive expense		
Items that may be subsequently reclassified to the income statement		
Currency translation differences	**(2,784)**	(1,498)
Loss on cash flow hedges	**(2,830)**	(3,252)
Other comprehensive expense for the period net of tax	**(5,614)**	(4,750)
Total comprehensive income for the period	**12,252**	2,690

Total comprehensive income attributable to:		
Owners of the parent	**11,248**	2,201
Non-controlling interests	**1,004**	489
	12,252	2,690

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed Consolidated Balance sheet

	Note	**30 June 2024**	16 July 2023	31 December 2023
		£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment	8	**321,406**	314,266	324,135
Lease: Right-of-use assets	8	**184,211**	195,869	194,083
Intangible assets	8	**152,256**	155,558	156,122
Investments	9	**11,541**	8,485	7,939
Deferred income tax assets		**15,302**	12,765	19,136
		684,716	686,943	701,415
Current assets				
Inventories		**189,057**	191,386	179,741
Trade and other receivables		**211,748**	261,209	277,754
Current tax assets		**-**	7,137	-
Financial assets at fair value through OCI	14	**762**	-	3,625
Cash and cash equivalents		**95,317**	79,676	126,715
		496,884	539,408	587,835
Total assets		**1,181,600**	1,226,351	1,289,250
Equity and liabilities				
Equity				
Ordinary shares	12	**8,970**	8,960	8,960
Share premium		**144,926**	144,926	144,926
Employee share schemes reserve		**8,583**	5,901	6,793
Foreign currency translation reserve		**(5,656)**	(3,696)	(2,992)
Cashflow hedging reserve		**4,531**	(2,466)	7,442
Other reserves		**(30,781)**	(30,781)	(30,781)
Retained earnings		**172,165**	154,411	175,963
		302,738	277,255	310,311
Non-controlling interests		**10,675**	9,891	11,167
Total equity		**313,413**	287,146	321,478
Liabilities				
Non-current liabilities				
Borrowings	11	**205,251**	268,159	237,792
Lease liabilities		**202,778**	211,848	211,585
Deferred income tax liabilities		**10,754**	14,166	14,743
		418,783	494,173	464,120
Current liabilities				
Borrowings	11	**27,053**	27,971	28,641
Lease liabilities		**15,454**	14,048	15,276
Trade and other payables		**404,207**	396,364	458,787
Financial liabilities at fair value through OCI	14	**212**	6,649	244
Current income tax liabilities		**2,478**	-	704
		449,404	445,032	503,652
Total liabilities		**868,187**	939,205	967,772
Total equity and liabilities		**1,181,600**	1,226,351	1,289,250

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of changes in equity

	Note	Share capital £'000	Share premium £'000	Employee share schemes reserve £'000	Foreign currency translation reserve £'000	Cashflow hedge reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
		Attributable to owners of the parent									
Balance at 2 January 2023		8,943	144,926	5,004	(2,379)	786	(30,781)	167,862	294,361	10,956	305,317
Comprehensive income											
Profit for the period		-	-	-	-	-	-	6,770	6,770	670	7,440
Currency translation differences		-	-	-	(1,317)	-	-	-	(1,317)	(181)	(1,498)
Loss on cash flow hedging		-	-	-	-	(3,252)	-	-	(3,252)	-	(3,252)
Total comprehensive income for the period		-	-	-	(1,317)	(3,252)	-	6,770	2,201	489	2,690
Issue of new shares	12	17	-	-	-	-	-	-	17	-	17
Employee share schemes - value of employee services		-	-	897	-	-	-	-	897	-	897
Dividends paid	6	-	-	-	-	-	-	(20,221)	(20,221)	(1,554)	(21,775)
Total transactions with owners		17	-	897	-	-	-	(20,221)	(19,307)	(1,554)	(20,861)
Balance at 16 July 2023		8,960	144,926	5,901	(3,696)	(2,466)	(30,781)	154,411	277,255	9,891	287,146
Balance at 1 January 2024		**8,960**	**144,926**	**6,793**	**(2,992)**	**7,442**	**(30,781)**	**175,963**	**310,311**	**11,167**	**321,478**
Comprehensive income											
Profit for the period		**-**	**-**	**-**	**-**	**-**	**-**	**16,823**	**16,823**	**1,043**	**17,866**
Currency translation differences		**-**	**-**	**-**	**(2,664)**	**-**	**-**	**-**	**(2,664)**	**(120)**	**(2,784)**
Loss on cash flow hedging		**-**	**-**	**-**	**-**	**(2,911)**	**-**	**-**	**(2,911)**	**81**	**(2,830)**
Total comprehensive income for the period		**-**	**-**	**-**	**(2,664)**	**(2,911)**	**-**	**16,823**	**11,248**	**1,004**	**12,252**
Issue of new shares	**12**	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**10**	**-**	**10**
Employee share schemes - value of employee services		**-**	**-**	**1,790**	**-**	**-**	**-**	**-**	**1,790**	**-**	**1,790**
Dividends paid	**6**	**-**	**-**	**-**	**-**	**-**	**-**	**(20,621)**	**(20,621)**	**(1,496)**	**(22,117)**
Total transactions with owners		**10**	**-**	**1,790**	**-**	**-**	**-**	**(20,621)**	**(18,821)**	**(1,496)**	**(20,317)**
Balance at 30 June 2024		**8,970**	**144,926**	**8,583**	**(5,656)**	**4,531**	**(30,781)**	**172,165**	**302,738**	**10,675**	**313,413**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Cash flow statement

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Cash flows from operating activities		
Cash generated from operations	**88,903**	73,654
Interest paid	**(18,624)**	(19,386)
Income tax paid	**(6,081)**	(6,195)
Net cash generated from operating activities	**64,198**	48,073
Cash flows from investing activities		
Acquisition of investments in joint ventures and associates	**(4,374)**	(1,635)
Purchases of property, plant and equipment	**(25,578)**	(26,151)
Proceeds from sale of property, plant and equipment	**900**	266
Purchases of intangible assets	**(1,522)**	(1,689)
Interest received	**503**	43
Dividends received from joint venture	**546**	-
Net cash used in investing activities	**(29,525)**	(29,166)
Cash flows from financing activities		
Proceeds from borrowings	**33,376**	18,312
Repayments of borrowings	**(67,006)**	(13,743)
Payment of lease liability	**(8,749)**	(6,871)
Dividends paid to owners of the parent	**(20,621)**	(20,221)
Dividends paid to non-controlling interests	**(1,496)**	(1,554)
Net cash used in financing activities	**(64,496)**	(24,077)
Net decrease in cash and cash equivalents	**(29,823)**	(5,170)
Cash and cash equivalents at beginning of the period	**126,715**	87,224
Exchange losses on cash and cash equivalents	**(1,575)**	(2,378)
Cash and cash equivalents at end of the period	**95,317**	79,676

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the interim financial statements

1 General information

Hilton Food Group plc (“the Company”) and its subsidiaries (together “the Group”) is a leading international multi-protein food business.

The Company is a public company limited by shares incorporated and domiciled in the UK. The address of the registered office is 2–8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE. The registered number of the Company is 06165540.

The Company maintains a Premium Listing on the London Stock Exchange.

These interim financial statements were approved for issue on 3 September 2024.

These interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 52 weeks ended 31 December 2023 were approved by the Board of Directors on 2 April 2024 delivered to the Registrar of Companies. The report of the predecessor auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

These interim financial statements have been reviewed, not audited.

2 Basis of preparation

This consolidated interim financial report for the 26 weeks ended 30 June 2024 (prior financial period 28 weeks ended 16 July 2023) has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the UK Financial Conduct Authority. In 2024, the Group changed its accounting period to harmonise its subsidiaries with parent company reporting cycle.

Going concern
The consolidated interim financial statements have been prepared on the going concern basis as the Directors consider that adequate resources exist for the Company to continue in operation for the foreseeable future, being 12 months from the date of this report (the relevant period). There is significant liquidity/financing headroom on 30 June 2024 (£138.3m) and throughout the going concern forecast period. Forecast covenant compliance is considered further below.

The Group’s banking facility has two financial covenants being a net debt to adjusted EBITDA (leverage) covenant and interest cover covenant, both of which are tested half yearly in June and December.

The financial covenants for the going concern period as follows:

	30 June 2024	29 December 2024	29 June 2025
Net bank debt to adjusted EBITDA	**3.0x**	3.0x	3.0x
Interest cover	**4.0x**	4.0x	4.0x

The Group has undertaken a detailed going concern assessment, including a review of its budget and forecasts for the 2024 financial year and its longer-term plans, including consideration of the principal risks faced by the Group. The resilience of the Group in the face of uncertain challenges has then been assessed by applying significant downside sensitivities to the Group’s cash flow projections. Allowing for these sensitivities and potential mitigating actions the Board is satisfied that the Group is able to continue to operate well within its banking covenants and has adequate headroom under its existing committed facilities. The Directors are satisfied that the Group has adequate resources to continue to operate and meet its liabilities as they fall due for a period of at least 12 months from the date of signing these interim financial statements and therefore consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial statements.

Estimates and judgements
The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

New and amended standards adopted by the Group
A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 Accounting policies

The accounting policies adopted in the preparation of these interim results are consistent with those applied in the preparation of the Group's annual report for the year ended 31 December 2023 and corresponding interim reporting period.

The Group has recognised exceptional items during the period, the accounting policy in respect of these is summarised below.

Alternative performance measure
The Group's performance is assessed using a number of alternative performance measures (APMs).

The Group's alternative profitability measures are presented before other adjusting/exceptional items, amortisation of certain intangible assets and depreciation of fair value adjustments made to property, plant and equipment acquired through business combinations and the impact of IFRS 16 - Leases.

The measures are presented on this basis, as management believe they provide useful additional information about the Group's performance and aids a more effective comparison of the underlying Group's trading performance from one period to the next.

Other adjusting/exceptional items are not defined under IFRS. However, the Group classifies other adjusting/exceptional items as those that are separately identifiable by virtue of their size, nature or expected frequency and that therefore warrant separate presentation.

As detailed in note 16 during the period to 30 June 2024 the Group has recognised other adjusting/exceptional items in respect of costs associated with the fire at its facility in Belgium and re-organisation programs. The operating profit reconciliations between statutory and adjusted measures used by the Group is presented in note 16. Presentation of these other adjusting/exceptional items and the reconciliations between adjusted and statutory measures is not intended to be a substitute for or intended to promote the adjusted measures above statutory measures.

Current income tax
Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment information

Management have determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions. The Executive Directors are considered to be the Chief Operating Decisions Makers in the Group.

The Executive Directors have considered the business from both a geographic and product perspective.

From a geographic perspective, the Executive Directors consider that the Group has four operating segments: i) UK & Ireland which comprises the Group's operations in United Kingdom and Republic of Ireland; ii) Europe which includes the Group's operations in the Netherlands, Sweden, Denmark, Central Europe and Portugal; iii) APAC comprising the Group's operations in Australia and New Zealand; and iv) Central costs.

From a product perspective the Executive Directors consider that the Group has only one identifiable product, wholesaling of food protein products including meat, fish and vegetarian. The Executive Directors consider that no further segmentation is appropriate, as all of the Group's operations are subject to similar risks and returns and exhibit similar long term financial performance.

The segment information provided to the Executive Directors for the reportable segments is as follows:

	Total segment revenue £'000	**Operating profit/(loss) segment result £'000**
26 weeks ended 30 June 2024		
UK & Ireland	**709,550**	**18,679**
Europe	**519,719**	**16,636**
APAC	**714,497**	**16,152**
Central	**-**	**(7,905)**
Total	**1,943,766**	**43,562**
28 weeks ended 16 July 2023		
UK & Ireland	701,097	9,018
Europe	553,846	12,339
APAC	868,196	17,266
Central	-	(8,006)
Total	2,123,139	30,617

The Group uses a number of alternative performance measures to assess underlying performance, these are explained and reconciled to the segmental results presented above in note 16. There is no inter-segment revenue included in the figures above.

	30 June 2024 £'000	16 July 2023 £'000	31 December 2023 £'000
Total assets			
UK & Ireland	**392,022**	381,643	404,751
Europe	**332,827**	360,432	397,551
APAC	**400,231**	431,999	431,684
Central	**41,218**	32,375	36,128
Total segment assets	**1,166,298**	1,206,449	1,270,114
Current income tax assets	**-**	7,137	-
Deferred income tax assets	**15,302**	12,765	19,136
Total assets per balance sheet	**1,181,600**	1,226,351	1,289,250

	30 June 2024 £'000	16 July 2023 £'000	31 December 2023 £'000
Total liabilities			
UK & Ireland	**177,797**	166,084	187,225
Europe	**152,720**	178,953	199,881
APAC	**359,481**	379,749	380,598
Central	**164,957**	200,253	184,621
Total segment liabilities	**854,955**	925,039	952,325
Current income tax liabilities	**2,478**	-	704
Deferred income tax liabilities	**10,754**	14,166	14,743
Total liabilities per balance sheet	**868,187**	939,205	967,772

5 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the 26 weeks to 30 June 2024 is 29.8%. The estimated average annual effective tax rate for the 28 weeks ended 16 July 2023 was 34.0%.

6 Dividends

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Final dividend paid 23p per ordinary share (2023: 22.6p)	**20,621**	20,221
Total dividends paid	**20,621**	20,221

The Directors have approved the payment of an interim dividend of 9.6p per share payable on 29 November 2024 to shareholders who are on the register at 1 November 2024. This interim dividend, amounting to £8.6m has not been recognised as a liability in these interim financial statements. It will be recognised in shareholders' equity in the 52 weeks to 29 December 2024.

Dividends paid to non-controlling interests in the period totalled £1,496,000 (2023: £1,554,000).

7 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options for which a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company’s shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options.

		26 weeks ended 30 June 2024		28 weeks ended 16 July 2023	
		Basic	**Diluted**	Basic	Diluted
Profit attributable to equity holders of the Company	(£'000)	**16,823**	**16,823**	6,770	6,770
Weighted average number of ordinary shares in issue	(thousands)	**89,678**	**89,678**	89,525	89,525
Adjustment for share options	(thousands)	**-**	**839**	-	942
Adjusted weighted average number of ordinary shares	(thousands)	**89,678**	**90,517**	89,525	90,467
Basic and diluted earnings per share	(pence)	**18.8**	**18.6**	7.6	7.5

8 Property, plant and equipment, right-of-use and intangible assets

	Property, plant and equipment £'000	Lease: Right-of-use assets £'000	Intangible assets £'000
28 weeks ended 16 July 2023			
Opening net book amount as at 2 January 2023	327,611	216,578	160,480
Exchange adjustments	(12,563)	(13,558)	(191)
Additions	26,151	2,348	1,689
Disposals	(340)	(86)	(760)
Lease modifications	-	46	-
Transfers to/from intangibles	(46)	-	46
Reclassification to right of use asset	(94)	94	-
Depreciation and amortisation	(25,253)	(9,553)	(5,706)
Impairment	(1,200)	-	-
Closing net book amount as at 16 July 2023	314,266	195,869	155,558
26 weeks ended 30 June 2024			
Opening net book amount as at 1 January 2024	**324,135**	**194,083**	**156,122**
Exchange adjustments	**(4,357)**	**(3,730)**	**(82)**
Additions	**25,578**	**1,932**	**1,522**
Disposals	**(900)**	**(943)**	**-**
Lease modifications	**-**	**2,494**	**-**
Depreciation and amortisation	**(22,984)**	**(9,625)**	**(5,372)**
Transfers to/from intangibles	**(66)**	**-**	**66**
Closing net book amount as at 30 June 2024	**321,406**	**184,211**	**152,256**

The Group has commitments to purchase property, plant and equipment of £16,042,000 (2023: £5,555,000).

Goodwill impairment testing

Given the current challenges in the alternative proteins market impacting volumes, an indicator of impairment was considered to exist at the interim balance sheet date, and therefore, an impairment assessment was performed in respect of the carrying value of the Dalco cash-generating unit. The assessment included a review of Dalco's goodwill, recognised at £10,168,000, as well as its customer and brand relationships, recognised at £7,585,000. The assumptions used to derive operating profit margins takes into account an increase from returning sale volumes in addition to normal cost saving activities and a significant contribution from committed reorganisation activity. The combination of these results in operating margins aligned to business plans for the medium-term, albeit risk adjusted in the discounted cash flow models.

The recoverable amount of the Dalco cash generating unit, calculated on a value in use basis, exceeded its carrying value by £3,900,000 and therefore no impairment was required. Key assumptions applied in the calculations of the recoverable amount were forecast EBITDA, a pre-tax discount rate of 11.2% and a long-term growth rate of 2%.

Sensitivity analysis has been carried out on Dalco and a reasonably possible change in key assumptions in isolation or in combination may lead to a material impairment. A change in the pre-tax discount rate and long-term growth rate from 11.2% to 11.95% or from 2% to 1% respectively would reduce headroom to £nil. A reduction in the risk adjusted terminal operating margin of 1.0 ppts would also reduce headroom to £nil. A 5% reduction in volume growth rate would give rise to an impairment of goodwill.

No indicators for impairment of any of the other CGUs have been identified. As a result, management has not updated any other impairment assessments at the interim date.

9 Investments

Investments in joint ventures and associates

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000	52 weeks ended 31 December 2023 £'000
At the beginning of the period	**7,939**	6,208	6,208
Additions	**4,374**	1,635	1,685
Profit/(Loss) for the period	**(174)**	772	585
Dividends received	**(546)**	-	(468)
Effect of movements in foreign exchange	**(52)**	(130)	(71)
At the end of the period	**11,541**	8,485	7,939

The Group made additional investments of £4,374,000 (2023: £1,635,000) in Cellular Agriculture Limited.

10 Business Combinations

2024

On 29th August 2023 the Group acquired 80% of the share capital of Evolve 4 Group Limited a software provider of ERP systems for the food and drink manufacturing industry. Due to the timing of the acquisition by the Group in 2023, the assessment of the fair value of assets and liabilities acquired, and Goodwill was treated as provisional in the 2023 accounts.

Evolve 4 Group Limited

Consideration for the acquisition of the 80% interest in Evolve 4 Group Limited totalled £598,000. The acquisition of Evolve 4 Group provides an opportunity to deliver growth through new agreements with manufacturers in the foods and drinks industry across Europe and Australia, but also provides HFG a flexible and tailored ERP system to support increasing efficiencies of the core HFG operations.

Goodwill of £857,000 has been recognised in 2024 compared to £1,325,000 in 2023. Residual goodwill relates to the strategic benefits for Hilton of diversifying its business and the know-how of Evolve 4 employees.

The fair value of the technology acquired was established at £812,000. We have utilised the income approach based on the Relief from Royalty method, with the value derived reflecting the present value of future royalty savings due to owning the assets.

The value of other assets and liabilities reflect the amounts expected to be realised or paid, respectively.

Group	Evolve 4 Group Limited £'000
Property, plant and equipment	**5**
Intangibles-Computer Software	**812**
Trade and other receivables	**294**
Cash and cash equivalents	**42**
Trade and other payables	**(1,315)**
Deferred tax	**53**
Goodwill	**857**
Fair value of assets acquired	**748**

Consideration	
Paid on completion	**455**
Deferred Payment	**143**
Non-controlling interest	**150**
	748

11 Borrowings

	30 June 2024 £'000	16 July 2023 £'000	31 December 2023 £'000
Current	**27,053**	27,971	28,641
Non-current	**205,251**	268,159	237,792
Total borrowings	**232,304**	296,130	266,433

Movements in borrowings is analysed as follows:

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000	52 weeks ended 31 December 2023 £'000
Opening amount	**266,433**	298,789	298,789
Exchange adjustments	**(499)**	(7,228)	(5,415)
Proceeds from borrowings	**33,376**	18,312	11,372
Repayment of borrowings	**(67,006)**	(13,743)	(38,313)
Closing amount	**232,304**	296,130	266,433

12 Ordinary shares

	Number of shares (thousands)	Ordinary shares £'000	Total £'000
At 2 January 2023	89,433	8,943	8,943
Issue of new shares on exercise of employee share options	169	17	17
At 16 July 2023	89,602	8,960	8,960
At 1 January 2024	**89,602**	**8,960**	**8,960**
Issue of new shares on exercise of employee share options	**100**	**10**	**10**
At 30 June 2024	**89,702**	**8,970**	**8,970**

All ordinary shares of 10p each have equal rights in respect of voting, receipt of dividends and repayment of capital.

13 Related party transactions

The Directors do not consider there to be one ultimate controlling party. The companies noted below are all deemed to be related parties by way of common Directors.

Transactions between related parties made on an arm's length basis were as follows:

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000	52 weeks ended 31 December 2023 £'000
Group sales:			
Sohi Meat Solutions Distribuicao de Carnes SA - Fee for services	**1,830**	1,690	3,426
Sohi Meat Solutions Distribuicao de Carnes SA - Recharge of joint venture costs	**84**	225	467
Agito Holdings Limited	**-**	-	211
Group purchases:			
Agito Holdings Limited	**1,216**	2,840	6,203

Amounts owing from related parties were as follows:

	30 June 2024 £'000	16 July 2023 £'000	31 December 2023 £'000
Agito Holdings Limited	**3,092**	484	1,855
Sohi Meat Solutions Distribuicao de Carnes SA	**277**	263	1,631
Sphere Design Limited	**199**	-	189
Cellular Agriculture Ltd	**1,433**	-	406

Amounts owing to related parties were as follows:

	30 June 2024 £'000	16 July 2023 £'000	31 December 2023 £'000
Agito Holdings Limited	**184**	-	401
Sohi Meat Solutions Distribuicao de Carnes SA	**505**	439	117

14 Financial instruments

The Group holds a number of financial instruments which are carried at cost which is the equivalent of their fair value unless otherwise stated below.

The Group has derivative financial instruments amounting to £212,000 liability and £762,000 asset (16 July 2023: £6,649,000 liability). The derivative financial instruments are plain vanilla derivatives including foreign currency options/forwards. The instruments that have a fair value where specific valuation techniques are used to arrive at the carrying value which include for foreign currency forwards – present value of future cash flows based on the forward exchange rates at the balance sheet date and for foreign currency options – option pricing models. These derivative financial instruments are classified as Level 2.

The fair values have been classified into three categories depending on the inputs used in the valuation technique.

The categories are as follows:
Level 1: quoted prices for identical instruments;
Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
Level 3: inputs which are not based on observable market data.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the reporting date
- for foreign currency options – option pricing models (e.g. Black-Scholes model), and
- for other financial instruments – discounted cash flow analysis.

15 Post balance sheet event

Since the half-year end the Group has received a final insurance payment of £13m in respect of property damage and business interruption following the fire at its facility in Belgium in 2021. Legal claims have been made against the Group in connection with the fire, however at this stage the Group considers the likelihood of incurring financial liabilities as a result of these claims to be remote.

16 Alternative Performance Measures

The Group's performance is assessed using a number of alternative performance measures (APMs) that are not required or defined under IFRS.

The Group considers adjusted results to be an important measure used to monitor how the Group is performing as they achieve consistency and comparability between reporting periods and management believe they provide useful additional information about the Group's performance and trends to stakeholders.

These measures are consistent with those used internally and are considered important to understanding the financial performance and financial health of the Group.

The Group's alternative profitability measures are presented before other adjusting/exceptional items, amortisation of certain intangible assets and depreciation of fair value adjustments made to property, plant and equipment acquired through business combinations and the impact of IFRS 16 - Leases.

Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement below with other APMs used by the Group defined in the subsequent glossary.

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Operating profit	**43,562**	30,617
Add back IFRS 16 depreciation	**9,599**	9,459
Less: IAS 17 lease accounting	**(11,280)**	(11,301)
Add back: Amortisation of acquired intangibles and fair value adjustments	**4,591**	5,252
Other adjusting/exceptional items:		
Costs related to the Belgium fire[1]	**148**	5,239
Reorganisation costs[2]	**239**	1,304
Dalco impairment[3]	**-**	1,200
Adjusting items	**3,297**	11,153
Adjusted operating profit	**46,859**	41,770
Profit before tax	**25,441**	11,274
Adjustment to operating profit as above	**3,297**	11,153
Add back: IFRS 16 interest	**4,118**	4,330
Other adjusting/exceptional items:		
Costs relating to the Belgium fire[1]	**678**	-
Adjusting items	**8,093**	15,483
Adjusted PBT	**33,534**	26,757

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Profit attributable to share holders	**16,823**	6,770
Adjustments to PBT	**8,093**	15,483
Tax effect of adjustments to PBT	**(1,770)**	(2,916)
Impact on non-controlling interest of adjustments to PBT	**6**	(19)
Adjusting items	**6,329**	12,548
Adjusted profit attributable to members of the parent	**23,152**	19,318

Adjusted earnings per share		
Basic	**25.8**	21.6
Diluted	**25.6**	21.4

	26 weeks ended 30 June 2024 £'000	28 weeks ended 16 July 2023 £'000
Operating profit	**43,562**	30,617
Add back: Depreciation, amortisation and impairment	**37,981**	41,656
EBITDA	**81,543**	72,273
Add back: IFRS 16 lease accounting	**20**	-
Less: IAS 17 lease accounting	**(11,280)**	(11,301)
Other adjusting/exceptional items:		
Costs related to the Belgium fire[1]	**148**	5,239
Reorganisation costs[2]	**239**	1,304
Adjusting items	**(10,873)**	(4,758)
Adjusted EBITDA	**70,670**	67,515

Segmental operating profit reconciles to adjusted segmental operating profit as follows:

26 weeks end 30 June 2024	**UK&I £'000**	**Europe £'000**	**APAC £'000**	**Central £'000**	**Total £'000**
Operating profit	**18,679**	**16,636**	**16,152**	**(7,905)**	**43,562**
Add back IFRS 16 depreciation	**1,661**	**2,263**	**5,617**	**58**	**9,599**
Less: IAS 17 lease accounting	**(1,956)**	**(1,965)**	**(7,296)**	**(63)**	**(11,280)**
Add back: Amortisation of acquired intangibles and fair value adjustments	**2,490**	**2,101**	**-**	**-**	**4,591**
Other adjusting/exceptional items:					
Costs related to the Belgium fire[1]	**-**	**148**	**-**	**-**	**148**
Reorganisation costs[2]	**239**	**-**	**-**	**-**	**239**
Adjusting items	**2,434**	**2,547**	**(1,679)**	**(5)**	**3,297**
Adjusted operating profit	**21,113**	**19,183**	**14,473**	**(7,910)**	**46,859**

28 weeks end 16 July 2023	UK&I £'000	Europe £'000	APAC £'000	Central £'000	Total £'000
Operating profit	9,018	12,339	17,266	(8,006)	30,617
Add back IFRS 16 depreciation	1,508	1,900	5,992	59	9,459
Less: IAS 17 lease accounting	(2,009)	(2,511)	(6,781)	-	(11,301)
Add back: Amortisation of acquired intangibles and fair value adjustments	3,039	2,213	-	-	5,252
Other adjusting/exceptional items:					
Costs related to the Belgium fire[1]	-	5,239	-	-	5,239
Reorganisation costs[2]	1,242	-	-	62	1,304
Dalco Impairment[3]	-	1,200	-	-	1,200
Adjusting items	3,780	8,041	(789)	121	11,153
Adjusted operating profit	12,798	20,380	16,477	(7,885)	41,770

Other adjusting/exceptional items

[1]Fire in Belgium

In June 2021, the Group's facility in Belgium suffered an extensive fire. The results for the period to 30 June 2024 do not include potential income that may be received in respect of the insurance claims. Finance Costs of £678,000 and cost related to the insurance claim of £148,000 have been recognised in the period relating to additional costs incurred in continuing to operate in Belgium pending receipt of the insurance proceeds.

In the prior period other adjusting/exceptional items totalling £5,239,000 were recognised relating to additional costs incurred in continuing to operate in Belgium.

In December 2023 the Group received an interim insurance payment of £9,776,000 related to the fire insurance claim. Post half-year end the Group has received a final insurance payment of £13,000,000 in respect of property damage and business interruption. The additional insurance payment of £13,000,000 has not been recognised in the results for the period to 30 June 2024.

[2]Reorganisation Costs

During the period other adjusting/exceptional reorganisation costs of £239,000 (2023: £1,304,000) have been recognised by the Group. These costs resulted from on-going efficiency and restructuring programs resulting in redundancies at a number of facilities operated by the Group.

[3]Dalco Impairment of Property, Plant and Equipment
The closure of one of the sites operated by our Dalco business allows us to optimise production and drive efficiencies at a single site centre of excellence for our vegan and vegetarian products. In 2023, an exceptional impairment charge of £1.2m has been recognised in respect of property, plant and equipment that the Group does not expect to be able to re-purpose for use in its other facilities.

Glossary

Alternative Performance Measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. These additional measures (commonly referred to as APMs) provide additional information on the performance of the business and trends to stakeholders. These measures are consistent with those used internally and are considered important to understanding the financial performance and financial health of the Group. APMs are considered to be an important measure to monitor how the businesses are performing because this provides a meaningful comparison of how the business is managed and measured on a day-to-day basis and achieves consistency and comparability between reporting periods.

These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures.

APM	Definition and purpose
Constant currency	The Group uses GBP based constant currency models to measure performance. These are calculated by applying 2023 26 weeks average exchange rates to local currency reported results for the current and prior periods. This gives a GBP denominated Income Statement which excludes any variances attributable to foreign exchange rate movements.
Free cash flow	Free cash flow represents cash generated from operating activities less cash flows from investing activities. This measure provides additional useful information in respect of cash generation and is consistent with how business performance is measured internally.
Net bank debt	Net bank debt represents borrowings excluding lease liabilities less cash equivalents. Net bank debt is one measure that could be used to indicate the strength of the Group's Balance Sheet position and is a useful measure of the indebtedness of the Group.
Adjusted net finance costs	Adjusted net finance costs represents finance costs excluding exceptional items and lease interest. Net finance costs is borrowing costs and other costs that are incurred in connection with the borrowing of funds less interest received from banks for the deposit of funds.
Adjusted taxation charge	Taxation charge excluding adjusting items. Adjusting measures are reconciled to statutory measures by removing adjusting items, the nature of which are disclosed in note 16.
Effective adjusted tax rate	The income tax charge for the Group excluding adjusting tax items, and the tax impact of adjusting items, divided by adjusted profit before tax. This measure is a useful indicator of the ongoing tax rate for the Group.
Return on capital employed (ROCE)	Annualised 12 month adjusted operating profit divided by average opening and closing capital employed representing total equity adjusted for net bank cash/debt, leases, derivatives and deferred tax.

Independent review report to Hilton Food Group plc
Report on the condensed consolidated interim financial statements

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of changes in equity, the Condensed Consolidated Cash Flow Statement, and related notes 1 to 16.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules 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 inquiries, 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion 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 entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
3 September 2024