

2 August 2023

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KERRY GROUP HALF YEAR RESULTS 2023

Continued Volume Growth and Good Overall Performance

SUMMARY

- > Group revenue of €4.1bn representing 5.1% organic growth
 - > Group volumes +0.6% (Q2: +1.0%)
 - Taste & Nutrition +1.4% (Q2: +1.6%)
 - Dairy Ireland -2.5% (Q2: -0.5%)
 - > Group pricing +4.5% (Q2: +1.4%)
 - > Group EBITDA of €518m (H1 2022: €518m)
 - > Group EBITDA margin -20bps (Q2: +20bps)
 - > Adjusted EPS of 180.0 cent – up 2.1% on a constant currency basis
 - > Basic EPS of 201.7 cent (H1 2022: 128.4 cent)
 - > Free cash flow of €232m reflecting 73% cash conversion
 - > Interim dividend per share of 34.6 cent (H1 2022: 31.4 cent)
 - > Full year EPS guidance reaffirmed
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Edmond Scanlon, Chief Executive Officer

“We delivered a good performance in the first half of the year recognising varying conditions across our markets. Strong volume growth was achieved in APMEA and Europe led by our performance in the foodservice channel, while North America saw customers work through elevated inventory levels. We continue to see good levels of customer innovation activity, and our margins reached an inflection point in the second quarter.

We also made good strategic progress, particularly in executing on our emerging markets strategy with significant acquisitions and investments across APMEA and LATAM. With Kerry’s strong local footprint and track record of growth across emerging markets, these complementary strategic developments will support our future growth ambitions.

While recognising current market conditions, we remain strongly positioned for growth and reiterate our full year constant currency earnings guidance.”

Markets and Performance

The demand environment remained resilient considering industry inflation and stocking dynamics. Customer innovation activity primarily focused on adding new taste profiles, improving products' nutritional characteristics and providing more relative value options for consumers.

Group reported revenue in the first half of the year increased by 1.6% to €4.1 billion, reflecting business volume growth of 0.6%, pricing of 4.5% and a contribution from acquisitions of 1.1%, partially offset by the effect of disposals of 4.5% and adverse translation currency of 0.1%.

Group EBITDA in the first half of the year was €518.0m (H1 2022: €517.7m) as organic growth was offset by the effect of disposals net of acquisitions. Group EBITDA margin decreased by 20bps to 12.6%, as benefits from cost efficiency initiatives and portfolio developments were more than offset by the mathematical impact of passing through input cost inflation.

Constant currency adjusted earnings per share increased by 2.1% to 180.0 cent (H1 2022: +9.0%), which represented an increase of 2.0% in reported currency (H1 2022: +16.1%). Basic earnings per share of 201.7 cent (H1 2022: 128.4 cent) reflects a profit on disposal of businesses and assets, partially offset by charges relating to the previously announced Accelerate Operational Excellence programme.

Free cash flow was €232m (H1 2022: €226m) representing cash conversion of 73%. The year-on-year increase in free cash flow reflected a lower working capital investment, partially offset by increased net capital expenditure and income taxes paid.

The interim dividend of 34.6 cent per share reflects an increase of 10.2% over the 2022 interim dividend.

Strategic Portfolio Developments

The Group made important strategic developments including two highly complementary acquisitions which add to Kerry's strong local emerging markets footprint.

As previously announced, the acquisition of Proexcar¹ strengthened Kerry's capabilities and leading position within the Latin American meat market, while also providing a platform for further strategic growth within the ANDEAN region. Located in Colombia with c.120 employees, the company produces clean-label functional ingredients.

On 31 July, the Group completed the acquisition of Greatang², which strongly complements Kerry's leading authentic taste position in China, broadening and deepening its capability and portfolio of local taste solutions, most notably in the significant foodservice hotpot market. Headquartered in Shanghai with c.120 employees, Greatang's authentic and innovative taste solutions will expand Kerry's strategic positioning and capability as an innovation partner for local foodservice chains and with local and international customers within the meals and snacks markets.

As previously announced, the Group completed the sale of the trade and assets of its Sweet Ingredients Portfolio³ to IRCA during the first half of the year.

¹ In May, Kerry acquired 100% of the share capital of Proexcar S.A.S. ("Proexcar") for an initial consideration of US\$44m (€40.4m net of working capital adjustments and subject to routine closing adjustments) and a potential additional payment of up to US\$18m (€16.8m) payable in 2025 based on achieving earn-out conditions. The provisional fair value of the expected deferred payment is US\$7.6m (€7.1m).

² In July, Kerry acquired 100% of the share capital of Shanghai Greatang Orchard Food Co., Ltd. ("Greatang") for an initial consideration of RMB720m (€91.1m) subject to routine closing adjustments, with potential additional payments of up to RMB780m (€98.7m) payable in tranches annually from 2024 to 2026 based on achieving earn-out conditions.

³ In March, Kerry completed the sale of the trade and assets of its Sweet Ingredients Portfolio for €483m following routine closing adjustments, comprising of an initial cash consideration of €358m plus a €125m interest bearing vendor loan note.

Business Performance

Taste & Nutrition

Volume growth driven by strong foodservice performance

	H1 2023	Performance
Revenue	€3,539m	+1.4% ¹
EBITDA	€523m	+1.4%
EBITDA margin	14.8%	-20bps

¹ volume growth

- > Volume growth of 1.4% with Q2 growth of 1.6% against strong comparatives
- > Growth led by Food EUM across Dairy, Snacks and Meat
- > Pricing +5.4% (Q2: +3.6%) reflecting the management of input cost inflation
- > EBITDA Margin -20bps (Q2: +40bps) with benefits from cost efficiencies and portfolio evolution more than offset by the impact of passing through input cost inflation

Taste & Nutrition reported revenue increased by 2.7% to €3,539m driven by volume growth and positive pricing, partially offset by adverse translation currency and the effect of disposals net of acquisitions.

The division delivered solid volume growth in light of industry stocking and pricing dynamics. Foodservice achieved high-single digit volume growth supported by innovation with QSRs and coffee chains on seasonal products, menu enhancement and back-of-house efficiency solutions. Volumes in the retail channel were lower due to continued customer inventory management in North America.

Within the division, the Food EUM achieved good volume growth led by Dairy, Snacks and Meat. This was supported by strong performances in savoury taste, functional systems, and Tastesense[®] salt and sugar reduction technologies. Business volumes in emerging markets increased by 6.0% driven by strong growth in the Middle East.

Within the global Pharma EUM, performance was led by good volume growth in cell nutrition and excipients.

Americas Region

- > Volumes -2.2% (Q2: -2.7%)
- > Retail channel saw softer market conditions while foodservice performed well
- > Within the Food EUM, good volume growth was achieved in Snacks and Dairy
- > LATAM delivered solid growth

Reported revenue in the Americas region increased slightly by 0.1% to €1,936m, with positive pricing and favourable translation currency offset by lower volumes and the effect of disposals net of acquisitions.

Performance in the region reflected strong comparatives and customer inventory reductions, particularly in the retail channel across the Beverage, Bakery and Meals markets. There continued to be a good rate of new launch activity in the region considering these dynamics. Foodservice delivered good growth through key menu item enhancements and back-of-house efficiency solutions with QSRs and coffee chains in particular.

Within North America, growth in Snacks was driven by new authentic taste-led innovations with global leaders and emerging brands within the category. Dairy also performed well with functional and taste system innovations across ice cream and desserts. While meat industry conditions were challenged through the first half, we continued to see good launch activity with culinary taste, texture and preservation systems.

Latin America delivered solid growth despite some operational constraints in Mexico, with growth led by strong performances in the Snacks and Beverage markets through new authentic taste innovations.

Europe Region

- > Volumes +4.6% (Q2: +5.3%)
- > Dairy, Snacks and Meat delivered strong growth
- > Foodservice achieved excellent growth with a solid performance in retail

Reported revenue in the Europe region increased by 5.8% to €771m driven by volume growth and positive pricing, partially offset by an adverse effect from foreign currency and disposals net of acquisitions. Growth within the region was led by strong performances in the UK and Ireland.

The region achieved excellent growth in the foodservice channel driven by menu enhancement activity, seasonal products and ongoing nutritional profile improvements. Growth in the retail channel reflected a solid performance in the region considering the current inflationary environment.

Dairy achieved good growth with strong performances in dairy applications for the foodservice channel including new innovations in ice cream. Snacks delivered strong growth through savoury taste systems and Tastesense® salt reduction technologies, while growth in Meat was driven by innovations in culinary taste and texture coating systems.

APMEA Region

- > Volumes +7.1% (Q2: +8.8%)
- > Growth led by Meat, Meals and Snacks
- > Foodservice achieved very strong growth and retail performed well

Reported revenue in the APMEA region increased by 5.8% to €813m driven by volume growth, positive pricing and a favourable effect from transaction currency, partially offset by adverse translation currency and the effect of disposals net of acquisitions.

Within the region, strong growth was achieved in the Middle East and South Asia Pacific, with overall performance in China improving through the first half.

Growth was strong across the Food EUM, particularly in the foodservice channel. Meat achieved good growth driven by local authentic taste and texture solutions, while Meals delivered strong growth through culinary taste systems and functional ingredients. Snacks achieved good growth in savoury taste applications through new launch activity with regional leaders.

During the first half, Kerry opened its new authentic taste facility in Karawang, Indonesia. This expands the Group's local footprint and applications capability to support customers in key end use markets across Southeast Asia.

Dairy Ireland

Performance reflective of market conditions

	H1 2023	Performance
Revenue	€675m	-2.5% ¹
EBITDA	€29m	-24.0%
EBITDA margin	4.3%	-120bps

¹ volume growth

- > Volumes -2.5% (Q2: -0.5%) as growth in Dairy Consumer Products more than offset by lower volumes in Dairy Ingredients
- > Pricing +0.4% with reduced pricing in Q2 reflective of dairy markets
- > EBITDA margin reduction driven by the significant impact from changes in dairy sales prices

Reported revenue in the division decreased by 3.0% to €675m, with positive pricing more than offset by lower volumes and adverse translation and transaction currency effects.

Volumes in Dairy Ireland were lower in the first half with elevated input costs impacting overall market demand dynamics. Within Dairy Ingredients, the lower volumes principally reflected softer market supply, while Dairy Consumer Products performed well, with volume growth led by Kerry's branded cheese ranges and private-label spreads.

Financial Review

	% change	H1 2023 €'m	H1 2022 €'m
Revenue	+1.6%	4,121.6	4,057.8
EBITDA	+0.1%	518.0	517.7
<i>EBITDA margin</i>		12.6%	12.8%
Depreciation (net)		(109.0)	(108.1)
Computer software amortisation		(15.6)	(18.9)
Finance costs (net)		(27.5)	(34.1)
Share of joint ventures' results after taxation		(0.7)	1.1
Adjusted earnings before taxation		365.2	357.7
Income taxes (excluding non-trading items)		(45.8)	(44.9)
Adjusted earnings after taxation	+2.1%	319.4	312.8
Brand related intangible asset amortisation		(26.5)	(23.1)
Non-trading items (net of related tax)		65.0	(62.1)
Profit after taxation		357.9	227.6
Attributable to:			
Equity holders of the parent		358.2	227.6
Non-controlling interests		(0.3)	-
		357.9	227.6
		EPS cent	EPS cent
Basic EPS	+57.1%	201.7	128.4
Brand related intangible asset amortisation		14.9	13.0
Non-trading items (net of related tax)		(36.6)	35.0
Adjusted* EPS	+2.0%	180.0	176.4
Impact of exchange rate translation	+0.1%		
Adjusted* EPS growth in constant currency	+2.1%		

* Before brand related intangible asset amortisation and non-trading items (net of related tax).

See Financial Definitions section for definitions, calculations and reconciliations of Alternative Performance Measures.

Revenue

The table below presents the revenue growth components for the Group and reporting segments.

H1 2023	Volume performance	Price	Currency ¹	Acquisitions	Disposals	Reported performance
Taste & Nutrition	1.4%	5.4%	(0.1%)	1.3%	(5.3%)	2.7%
Dairy Ireland	(2.5%)	0.4%	(0.9%)	-	-	(3.0%)
Group	0.6%	4.5%	(0.1%)	1.1%	(4.5%)	1.6%

¹ This includes the impact of transaction and translation currency

H1 2022	Volume performance	Price	Currency ¹	Acquisitions	Disposals	Reported performance
Taste & Nutrition	8.6%	5.9%	7.2%	6.3%	(0.5%)	27.5%
Dairy Ireland ²	1.2%	15.4%	2.0%	–	(46.1%)	(27.5%)
Group	6.8%	8.3%	5.9%	4.7%	(12.4%)	13.3%

¹ This includes the impact of transaction and translation currency

² Within the Dairy Ireland H1 2022 base comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021

EBITDA & Margin %

Group EBITDA increased **0.1%** to **€518.0m** (H1 2022: €517.7m). Reported EBITDA margin of **12.6%** (H1 2022: 12.8%) reflects benefits from cost efficiency initiatives and portfolio developments which were more than offset by the mathematical impact of passing through input cost inflation.

Finance Costs (net)

Finance costs (net) for H1 2023 decreased by **€6.6m** to **€27.5m** (H1 2022: €34.1m) primarily due to deposit interest earned on cash at bank and interest earned on the vendor loan note.

Taxation

The tax charge for H1 2023 before non-trading items was **€45.8m** (H1 2022: €44.9m) representing an effective tax rate of **13.5%** (H1 2022: 13.4%) and is reflective of the geographical mix of earnings.

Non-Trading Items

During the period, the Group incurred a net non-trading items credit of **€65.0m** (H1 2022: €62.1m charge) net of tax. The credit in H1 2023 primarily related to the gain on the disposal of the Group's Sweet Ingredients Portfolio, which was partially offset by costs relating to the Accelerate Operational Excellence transformation programme. The charge in the prior period primarily related to the impairment of the Group's Russia and Belarus assets and the Accelerate Operational Excellence transformation programme.

Return on Average Capital Employed (ROACE)

The ROACE for the Group in H1 2023 was **10.1%** (H1 2022: 10.2%). The movement is primarily due to the net impact of acquisitions and divestments and the translation impact on underlying assets more than offsetting underlying organic growth.

Free Cash Flow

The Group achieved free cash flow of **€231.9m** in H1 2023 (H1 2022: €226.0m) reflecting 73% cash conversion, with a lower investment in working capital year on year partially offset by higher income taxes paid and net capital expenditure due to the timing of projects.

	H1 2023 €'m	H1 2022 €'m
Free Cash Flow		
EBITDA	518.0	517.7
Movement in average working capital	(103.2)	(164.2)
Pension contributions paid less pension expense	(2.7)	(7.0)
Finance costs paid (net)	(19.5)	(14.6)
Income taxes paid	(55.0)	(31.9)
Capital expenditure (net)	(105.7)	(74.0)
Free cash flow	231.9	226.0
Cash conversion ³	73%	72%

³ Cash conversion is free cash flow expressed as a percentage of adjusted earnings after taxation

Total Net Debt

At 30 June 2023, total net debt was **€1,846.5m** (31 December 2022: €2,217.4m). The decrease of **€370.9m** primarily reflected sales proceeds from the disposal of the Group's Sweet Ingredients Portfolio.

Key Financial Ratios

The Group's balance sheet is in a strong position. With a Net debt to EBITDA ratio of **1.6** times, the Group has sufficient headroom to support future growth plans.

	H1 2023	H1 2022
Net debt: EBITDA	1.6	2.1
EBITDA: Net interest	19.0	16.0

Principal Risks and Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2022 Annual Report on pages 98 to 104 and continue to be the principal risks and uncertainties facing the Group for the remaining six months of the financial year. These risks include but are not limited to; portfolio management, business acquisition and divestiture, climate change and environmental, people, business ethics and social responsibility, food safety, quality and regulatory, health & safety, margin management, cyber and information systems security, operational and supply chain resilience, intellectual property, taxation and treasury. The viability of the Group was also assessed by considering the potential impact of climate related risks on profitability and liquidity, continuing inflationary cost pressures, customer inventory management and rising interest rates during the period. The Group actively manages all risks through its control and risk management process.

Dividend

In line with our dividend strategy, the Board has declared an interim dividend of **34.6** cent per share, compared to the prior year interim dividend of 31.4 cent, payable on 10 November 2023 to shareholders on the record date 13 October 2023.

Future Prospects

While market conditions remain uncertain, Kerry remains strongly positioned for growth with a good innovation pipeline. The Group will continue to manage through the current input cost environment in collaboration with our customers. Kerry will continue to invest capital and develop its portfolio aligned to its strategic priorities. The Group expects to achieve adjusted earnings per share growth in 2023 of 1% to 5% on a constant currency basis.

Note: Constant currency earnings guidance includes an expected net 2% dilution from portfolio developments. Foreign exchange translation is expected to be a headwind of approximately 4% on earnings in the full year based on prevailing rates.

Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 as amended ('the Regulations'), the Central Bank (Investment Market Conduct) Rules 2019, the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Directors confirm that to the best of their knowledge:

- > the Group Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2023 have been prepared in accordance with the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- > the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Group Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2023, and a description of the principal risks and uncertainties for the remaining six months; and

- > the Interim Management Report includes a fair review of the related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Edmond Scanlon
Chief Executive Officer

Marguerite Larkin
Chief Financial Officer

1 August 2023

Disclaimer: Forward Looking Statements

This Announcement contains forward looking statements which reflect management expectations based on currently available data. However actual results may differ materially from those expressed or implied by these forward looking statements. These forward looking statements speak only as of the date they were made, and the Company undertakes no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

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Condensed Consolidated Income Statement

for the half year ended 30 June 2023

	Notes	Before Non-Trading Items 30 June 2023 Unaudited €'m	Non-Trading Items 30 June 2023 Unaudited €'m	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Continuing operations						
Revenue	2	4,121.6	-	4,121.6	4,057.8	8,771.9
Earnings before interest, tax, depreciation and amortisation	2	518.0	-	518.0	517.7	1,216.1
Depreciation (net) and intangible asset amortisation	2	(151.1)	-	(151.1)	(150.1)	(304.3)
Non-trading items	3	-	40.5	40.5	(69.5)	(146.2)
Operating profit		366.9	40.5	407.4	298.1	765.6
Finance income	4	5.7	-	5.7	0.8	6.6
Finance costs	4	(33.2)	-	(33.2)	(34.9)	(72.8)
Share of joint ventures' results after taxation		(0.7)	-	(0.7)	1.1	(0.4)
Profit before taxation		338.7	40.5	379.2	265.1	699.0
Income taxes		(45.8)	24.5	(21.3)	(37.5)	(92.5)
Profit after taxation		292.9	65.0	357.9	227.6	606.5
Attributable to:						
Equity holders of the parent				358.2	227.6	606.4
Non-controlling interests				(0.3)	-	0.1
				357.9	227.6	606.5
Earnings per A ordinary share						
				Cent	Cent	Cent
- basic	5			201.7	128.4	341.9
- diluted	5			201.5	128.2	341.3

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2023

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Profit after taxation	357.9	227.6	606.5
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges	1.5	(0.3)	5.9
Cash flow hedges - reclassified to profit or loss from equity	0.4	(1.4)	(2.8)
Net change in cost of hedging	0.5	0.2	0.8
Deferred tax effect of fair value movements on cash flow hedges	(0.4)	-	(0.2)
Exchange difference on translation of foreign operations	(89.4)	265.3	152.2
Cumulative exchange difference on translation recycled on disposal	(0.7)	-	14.9
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement on retirement benefits obligation	(27.1)	130.3	(13.4)
Deferred tax effect of re-measurement on retirement benefits obligation	6.6	(27.7)	7.6
Net (expense)/income recognised directly in total other comprehensive income	(108.6)	366.4	165.0
Total comprehensive income	249.3	594.0	771.5
Attributable to:			
Equity holders of the parent	249.6	594.0	771.4
Non-controlling interests	(0.3)	-	0.1
	249.3	594.0	771.5

Condensed Consolidated Balance Sheet

as at 30 June 2023

	Notes	30 June 2023 Unaudited €'m	30 June 2022 Unaudited €'m	31 Dec. 2022 Audited €'m
Non-current assets				
Property, plant and equipment		2,068.8	2,161.1	2,099.3
Intangible assets		5,686.5	5,968.9	5,720.0
Financial asset investments		54.9	53.1	58.9
Investments in joint ventures		41.1	22.9	41.7
Other non-current financial instruments	7	125.7	2.7	0.3
Retirement benefits asset	9	96.2	221.6	95.6
Deferred tax assets		75.7	72.1	71.9
		8,148.9	8,502.4	8,087.7
Current assets				
Inventories		1,312.7	1,496.1	1,354.4
Trade and other receivables		1,329.6	1,471.7	1,423.8
Cash at bank and in hand	10	660.8	757.2	970.0
Other current financial instruments		19.3	108.3	59.5
Assets classified as held for sale	8	0.6	22.4	388.0
		3,323.0	3,855.7	4,195.7
Total assets		11,471.9	12,358.1	12,283.4
Current liabilities				
Trade and other payables		1,780.1	2,047.9	1,966.5
Borrowings and overdrafts	10	1.3	724.2	701.1
Other current financial instruments		8.5	108.6	18.4
Tax liabilities		172.3	148.5	190.9
Provisions		12.8	16.6	15.3
Deferred income		4.2	3.3	3.4
Total liabilities directly associated with assets classified as held for sale	8	-	-	19.7
		1,979.2	3,049.1	2,915.3
Non-current liabilities				
Borrowings	10	2,426.5	2,441.7	2,432.6
Other non-current financial instruments		16.1	16.8	20.3
Retirement benefits obligation	9	53.1	19.8	30.2
Other non-current liabilities		135.1	148.3	142.6
Deferred tax liabilities		432.1	533.1	452.3
Provisions		57.8	42.2	50.5
Deferred income		14.1	16.7	16.0
		3,134.8	3,218.6	3,144.5
Total liabilities		5,114.0	6,267.7	6,059.8
Net assets		6,357.9	6,090.4	6,223.6
Equity				
Share capital	12	22.1	22.1	22.1
Share premium		398.7	398.7	398.7
Other reserves		(8.4)	145.7	64.3
Retained earnings		5,944.1	5,522.2	5,736.8
Equity attributable to equity holders of the parent		6,356.5	6,088.7	6,221.9
Non-controlling interests		1.4	1.7	1.7
Total equity		6,357.9	6,090.4	6,223.6

Condensed Consolidated Statement of Changes in Equity

for the half year ended 30 June 2023

	Note	Attributable to equity holders of the parent				Total €'m	Non- Controlling Interests €'m	Total Equity €'m
		Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m			
At 1 January 2022		22.1	398.7	(129.6)	5,310.0	5,601.2	-	5,601.2
Profit after taxation		-	-	-	227.6	227.6	-	227.6
Other comprehensive income		-	-	263.8	102.6	366.4	-	366.4
Total comprehensive income		-	-	263.8	330.2	594.0	-	594.0
Dividends paid	6	-	-	-	(118.0)	(118.0)	-	(118.0)
Share-based payment expense		-	-	11.5	-	11.5	-	11.5
Non-controlling interests arising on acquisition		-	-	-	-	-	1.7	1.7
At 30 June 2022 - unaudited		22.1	398.7	145.7	5,522.2	6,088.7	1.7	6,090.4
Profit after taxation		-	-	-	378.8	378.8	0.1	378.9
Other comprehensive expense		-	-	(92.8)	(108.6)	(201.4)	-	(201.4)
Total comprehensive income		-	-	(92.8)	270.2	177.4	0.1	177.5
Dividends paid	6	-	-	-	(55.6)	(55.6)	-	(55.6)
Share-based payment expense		-	-	11.4	-	11.4	-	11.4
Non-controlling interests arising on acquisition		-	-	-	-	-	(0.1)	(0.1)
At 31 December 2022 - audited		22.1	398.7	64.3	5,736.8	6,221.9	1.7	6,223.6
Profit after taxation		-	-	-	358.2	358.2	(0.3)	357.9
Other comprehensive expense		-	-	(87.7)	(20.9)	(108.6)	-	(108.6)
Total comprehensive income		-	-	(87.7)	337.3	249.6	(0.3)	249.3
Dividends paid	6	-	-	-	(130.0)	(130.0)	-	(130.0)
Share-based payment expense		-	-	15.0	-	15.0	-	15.0
At 30 June 2023 - unaudited		22.1	398.7	(8.4)	5,944.1	6,356.5	1.4	6,357.9

Other Reserves comprise the following:

	Capital Redemption Reserve €'m	Other Undenominated Capital €'m	Share- Based Payment Reserve €'m	Translation Reserve €'m	Hedging Reserve €'m	Cost of Hedging Reserve €'m	Total €'m
At 1 January 2022	1.7	0.3	107.4	(238.1)	1.4	(2.3)	(129.6)
Other comprehensive income/(expense)	-	-	-	265.3	(1.7)	0.2	263.8
Share-based payment expense	-	-	11.5	-	-	-	11.5
At 30 June 2022 - unaudited	1.7	0.3	118.9	27.2	(0.3)	(2.1)	145.7
Other comprehensive (expense)/income	-	-	-	(98.2)	4.8	0.6	(92.8)
Share-based payment expense	-	-	11.4	-	-	-	11.4
At 31 December 2022 - audited	1.7	0.3	130.3	(71.0)	4.5	(1.5)	64.3
Other comprehensive (expense)/income	-	-	-	(90.1)	1.9	0.5	(87.7)
Share-based payment expense	-	-	15.0	-	-	-	15.0
At 30 June 2023 - unaudited	1.7	0.3	145.3	(161.1)	6.4	(1.0)	(8.4)

Condensed Consolidated Statement of Cash Flows

for the half year ended 30 June 2023

	Notes	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Cash flows from operating activities				
Profit before taxation		379.2	265.1	699.0
<i>Adjustments for:</i>				
Depreciation (net)		109.0	108.1	221.6
Intangible asset amortisation		42.1	42.0	82.7
Share of joint ventures' results after taxation		0.7	(1.1)	0.4
Non-trading items income statement (income)/charge	3	(40.5)	69.5	146.2
Finance costs (net)	4	27.5	34.1	66.2
Change in working capital		(89.7)	(278.0)	(224.0)
Pension contributions paid less pension expense		(2.7)	(7.0)	(15.7)
Payments on non-trading items		(39.5)	(36.1)	(85.4)
Exchange translation adjustment		(1.9)	(17.9)	(27.2)
Cash generated from operations		384.2	178.7	863.8
Income taxes paid		(55.0)	(31.9)	(80.0)
Finance income received		2.8	0.8	5.4
Finance costs paid		(22.3)	(15.4)	(67.4)
Net cash from operating activities		309.7	132.2	721.8
Investing activities				
Purchase of assets		(99.8)	(61.3)	(221.0)
Proceeds from the sale of assets (net of disposal expenses)	3	11.5	3.2	38.1
Capital grants received		-	-	1.4
Purchase of businesses (net of cash acquired)	11	(41.5)	(244.6)	(353.8)
(Payments)/receipts relating to previous acquisitions		(1.3)	1.7	(1.8)
Purchase of investments		(3.1)	(4.8)	(10.4)
Purchase of share in joint ventures		-	-	(20.4)
Disposal of businesses (net of disposal expenses)	3	335.5	-	(15.2)
Net cash from/(used in) investing activities		201.3	(305.8)	(583.1)
Financing activities				
Dividends paid	6	(130.0)	(118.0)	(173.6)
Payment of lease liabilities		(17.4)	(15.9)	(35.1)
Issue of share capital	12	-	-	-
Repayment of borrowings (net of swaps)		(659.6)	-	(3.0)
Proceeds from borrowings		1.3	0.1	2.0
Net cash movement due to financing activities		(805.7)	(133.8)	(209.7)
Net decrease in cash and cash equivalents		(294.7)	(307.4)	(71.0)
Cash and cash equivalents at beginning of the period		969.8	1,033.8	1,033.8
Exchange translation adjustment on cash and cash equivalents		(14.3)	17.8	7.0
Cash and cash equivalents at end of the period	10	660.8	744.2	969.8
Reconciliation of Net Cash Flow to Movement in Net Debt				
Net decrease in cash and cash equivalents		(294.7)	(307.4)	(71.0)
Cash flow from debt financing		658.3	(0.1)	1.0
Changes in net debt resulting from cash flows		363.6	(307.5)	(70.0)
Fair value movement on interest rate swaps (net of adjustment to borrowings)		2.0	(2.3)	1.4
Exchange translation adjustment on net debt		(0.3)	(28.4)	(29.7)
Movement in net debt in the period		365.3	(338.2)	(98.3)
Net debt at beginning of the period - pre lease liabilities		(2,148.2)	(2,049.9)	(2,049.9)
Net debt at end of the period - pre lease liabilities		(1,782.9)	(2,388.1)	(2,148.2)
Lease liabilities		(63.6)	(68.2)	(69.2)
Net debt at end of the period	10	(1,846.5)	(2,456.3)	(2,217.4)

Notes to the Condensed Consolidated Interim Financial Statements

for the half year ended 30 June 2023

1. Accounting policies

These Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2023 have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the International Financial Reporting Interpretations Committee ('IFRIC') and in accordance with IAS 34 'Interim Financial Reporting'. The Group financial statements have also been prepared in accordance with IFRS adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS refer to IFRS adopted by the EU. The accounting policies applied by the Group in these Condensed Consolidated Interim Financial Statements are the same as those detailed in the 2022 Annual Report.

In preparing the Group Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Consolidated Financial Statements for the year ended 31 December 2022.

Going concern

The Group Condensed Consolidated Interim Financial Statements have been prepared on the going concern basis of accounting. The Directors have considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and position of the Group. The viability of the Group was also assessed by considering the potential impact of climate related risks on profitability and liquidity, continuing inflationary cost pressures, customer inventory management and rising interest rates during the period. Following these assessments, the Directors have concluded there are no material uncertainties that cast a significant doubt on the Group's ability to continue as a going concern over a period of at least 12 months from the date of these financial statements.

The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's forecast for a period not less than 12 months, the medium-term plan and its cashflow implications have been taken into account including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

The following Standards and Interpretations are effective for the Group from 1 January 2023 but do not have a material effect on the results or financial position of the Group:

		<i>Effective Date</i>
- IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2023
- IFRS 17	Insurance Contracts	1 January 2023
- IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
- IAS 12 (Amendments)	Income Taxes	1 January 2023

The following Standards and Interpretations are not yet effective for the Group and are not expected to have a material effect on the results or financial position of the Group:

		<i>Effective Date</i>
- IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2024
- IFRS 16 (Amendments)	Leases	1 January 2024

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

2. Analysis of results

The Group has determined it has two reportable segments: Taste & Nutrition and Dairy Ireland. The Taste & Nutrition segment is a world leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. Utilising a broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Kerry is driven to be our customers' most valued partner, creating a world of sustainable nutrition through solving our customers' most complex challenges with differentiated solutions. The Taste & Nutrition segment supplies industries across Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Dairy Ireland segment is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins and nutritional bases, while our dairy consumer brands can be found in chilled cabinets in retailers across Ireland and the UK.

	Half year ended 30 June 2023 - Unaudited				Half year ended 30 June 2022 - Unaudited				Year ended 31 December 2022 - Audited			
	Taste & Nutrition €'m	Dairy Ireland €'m	Group Eliminations and Unallocated €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Group Eliminations and Unallocated €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Group Eliminations and Unallocated €'m	Total €'m
External revenue	3,521.0	600.6	-	4,121.6	3,431.2	626.6	-	4,057.8	7,387.0	1,384.9	-	8,771.9
Inter-segment revenue	18.3	73.9	(92.2)	-	13.7	68.8	(82.5)	-	29.6	154.0	(183.6)	-
Revenue	3,539.3	674.5	(92.2)	4,121.6	3,444.9	695.4	(82.5)	4,057.8	7,416.6	1,538.9	(183.6)	8,771.9
EBITDA*	522.8	29.2	(34.0)	518.0	515.4	38.4	(36.1)	517.7	1,220.1	70.7	(74.7)	1,216.1
Depreciation (net)				(109.0)				(108.1)				(221.6)
Intangible asset amortisation				(42.1)				(42.0)				(82.7)
Non-trading items				40.5				(69.5)				(146.2)
Operating profit				407.4				298.1				765.6
Finance income				5.7				0.8				6.6
Finance costs				(33.2)				(34.9)				(72.8)
Share of joint ventures' results after taxation				(0.7)				1.1				(0.4)
Profit before taxation				379.2				265.1				699.0
Income taxes				(21.3)				(37.5)				(92.5)
Profit after taxation				357.9				227.6				606.5
Attributable to:												
Equity holders of the parent				358.2				227.6				606.4
Non-controlling interests				(0.3)				-				0.1
				357.9				227.6				606.5

*EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation.

Revenue analysis

Disaggregation of revenue from external customers is analysed by End Use Market ('EUM'), which is the primary market in which Kerry's products are consumed and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma & other within the primary geographic markets which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

Analysis by EUM

	Half year ended 30 June 2023 - Unaudited			Half year ended 30 June 2022 - Unaudited			Year ended 31 December 2022 - Audited		
	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m
Food	2,329.2	563.3	2,892.5	2,271.0	578.0	2,849.0	4,925.2	1,286.2	6,211.4
Beverage	928.9	37.3	966.2	920.5	48.6	969.1	1,959.1	98.7	2,057.8
Pharma & other	262.9	-	262.9	239.7	-	239.7	502.7	-	502.7
External revenue	3,521.0	600.6	4,121.6	3,431.2	626.6	4,057.8	7,387.0	1,384.9	8,771.9

Analysis by primary geographic market

Disaggregation of revenue from external customers is analysed by geographical split:

	Half year ended 30 June 2023 - Unaudited			Half year ended 30 June 2022 - Unaudited			Year ended 31 December 2022 - Audited		
	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m	Taste & Nutrition €'m	Dairy Ireland €'m	Total €'m
Republic of Ireland	56.9	233.3	290.2	40.6	241.6	282.2	82.2	458.2	540.4
Rest of Europe	714.5	322.4	1,036.9	688.6	303.3	991.9	1,459.8	768.8	2,228.6
Americas	1,936.4	17.7	1,954.1	1,933.8	46.8	1,980.6	4,172.2	84.0	4,256.2
APMEA	813.2	27.2	840.4	768.2	34.9	803.1	1,672.8	73.9	1,746.7
External revenue	3,521.0	600.6	4,121.6	3,431.2	626.6	4,057.8	7,387.0	1,384.9	8,771.9

The accounting policies of the reportable segments are the same as those detailed in the Statement of accounting policies in the 2022 Annual Report. Under IFRS 15 'Revenue from Contracts with Customers' revenue is primarily recognised at a point in time. Revenue recorded over time during the period was not material to the Group.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

3. Non-trading items

	Notes	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Global Business Services expansion	(ii)	(2.8)	(7.3)	(13.6)
Acquisition integration costs	(iii)	(1.1)	(1.7)	(20.3)
Accelerate Operational Excellence	(iv)	(25.1)	(17.6)	(49.2)
		(29.0)	(26.6)	(83.1)
Profit/(loss) on disposal of businesses and assets	(i)	69.5	(42.9)	(63.1)
Tax on above		24.5	7.4	22.0
Non-trading items (net of related tax)		65.0	(62.1)	(124.2)

(i) Profit/(loss) on disposal of businesses and assets

	Businesses 30 June 2023 €'m	*Assets 30 June 2023 €'m	Total 30 June 2023 €'m
Property, plant and equipment	(82.7)	(1.7)	(84.4)
Goodwill	(189.2)	-	(189.2)
Brand related intangible assets	(40.6)	-	(40.6)
Computer software	(0.1)	-	(0.1)
Deferred tax assets	-	-	-
Cash disposed	(0.1)	-	(0.1)
Inventories	(61.9)	-	(61.9)
Assets classified as held for sale - disposed	-	(3.8)	(3.8)
Assets classified as held for sale - impaired	-	(10.5)	(10.5)
Trade and other receivables	(2.0)	-	(2.0)
Tax receivables	-	-	-
Trade and other payables	17.0	-	17.0
Other non-current liabilities	7.9	-	7.9
	(351.7)	(16.0)	(367.7)
Consideration			
Cash received	363.3	11.5	374.8
Vendor loan note	125.0	-	125.0
	488.3	11.5	499.8
Deferred consideration	0.5	-	0.5
Disposal related costs	(59.3)	(4.5)	(63.8)
	429.5	7.0	436.5
Cumulative exchange difference on translation recycled on disposal	0.7	-	0.7
Profit/(loss) on disposal of businesses and assets	78.5	(9.0)	69.5

	Businesses 30 June 2023 €'m	*Assets 30 June 2023 €'m	Total 30 June 2023 €'m
Net cash inflow on disposal:			
Consideration	488.3	11.5	499.8
Less: cash disposed	(0.1)	-	(0.1)
Less: disposal related costs paid	(27.7)	-	(27.7)
Less: vendor loan note	(125.0)	-	(125.0)
	335.5	11.5	347.0

*Assets represent non-current assets and assets classified as held for sale.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

3. Non-trading items (continued)

(i) Profit/(loss) on disposal of businesses and assets (continued)

Profit/(loss) on disposal of businesses

As previously announced, the Group completed the sale of the trade and assets of its Sweet Ingredients Portfolio during the period for a consideration of €483.0m comprising of an initial cash consideration of **€358.0m** (following routine closing adjustments) plus a €125.0m interest bearing vendor loan note. The operational footprint disposed consisted of four manufacturing facilities in the US (in Illinois, Kansas, Missouri, and California), and six facilities across the UK, the Netherlands, Germany and France. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'. During the period the Group also disposed of small operations in South Africa and South Korea for a consideration of **€5.3m**. The profit on disposal of these businesses was **€78.5m**, with the related tax credit of **€16.8m**. The profit on disposal of these businesses includes the associated reorganisation costs in relation to these divestments.

In 2022 the Group disposed of its operations in Russia and Belarus. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'. During the year the Group also disposed of a small cereal operation in North America. The loss on disposal of these businesses for the year end 31 December 2022 was €63.0m and the related tax credit was €4.3m.

Profit/(loss) on disposal of assets

The Group disposed of property, plant and equipment primarily in North America and Europe for a consideration of **€11.5m** resulting in a profit of **€6.0m** for the period ended 30 June 2023. This profit on disposal of property, plant and equipment was offset by the further impairment of certain assets classified as held for sale based in the USA to their fair value less costs to sell by **€15.0m**, consisting of property, plant and equipment of €10.5m and €4.5m of estimated costs to sell. A tax credit of **€1.5m** arose on the disposal of assets for the period.

During 2022, the Group disposed of property, plant and equipment primarily in North America and APMEA for a combined consideration of €51.7m resulting in a gain of €6.2m (30 June 2022: consideration of €3.2m resulting in a loss of €1.7m). A tax charge of €1.9m (30 June 2022: a tax credit of €0.1m) arose on the disposal of assets. In 2022, certain assets classified as held for sale based in the USA and APMEA were impaired to their fair value less costs to sell by €5.6m (30 June 2022: €nil), consisting of €1.2m of property, plant and equipment impairment, €2.7m of goodwill impairment, €1.7m of brand related intangibles impairment and €nil of estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposals in 2023. The related tax credit was €0.5m. In addition, in 2022 there was a specific impairment charge of €0.3m and €0.4m in relation to goodwill and brand related intangibles respectively recorded in intangible assets.

(ii) Global Business Services expansion

In 2020, the Group commenced a programme to evolve, migrate and expand its Global Business Services model to better enable the business and support further growth. For the period ended 30 June 2023, the Group incurred costs of **€2.8m** (30 June 2022: €7.3m; 31 December 2022: €13.6m) reflecting relocation of resources, advisory fees, redundancies and the streamlining of operations. The associated tax credit was **€0.3m** (30 June 2022: €1.4m; 31 December 2022: €3.0m).

(iii) Acquisition integration costs

These costs of **€1.1m** (30 June 2022: €1.7m; 31 December 2022: €20.3m) reflect the external costs associated with deal preparation and due diligence. In 2022 these costs reflected the relocation of resources, the restructuring of operations in order to integrate the acquired businesses into the existing Kerry operating model and external costs associated with deal preparation, integration planning and due diligence. A tax credit of **€0.1m** (30 June 2022: €nil; 31 December 2022: €4.5m) arose due to tax deductions available on acquisition related costs.

(iv) Accelerate Operational Excellence

These costs of **€25.1m** (30 June 2022: €17.6m; 31 December 2022: €49.2m) predominantly reflect consultancy fees, project management costs and costs of streamlining operations incurred in the period relating to our Accelerate Operational Excellence transformation programme, which will run until 2024. This material transformation project deploying next generation manufacturing processes, including advanced process controls, is combined with building capabilities within the Group to enhance continuous improvement in manufacturing processes which will deliver step change manufacturing excellence across the organisation. This project will also focus on supply chain excellence, optimising the Group's warehousing and distribution network. A tax credit of **€5.8m** (30 June 2022: €4.9m; 31 December 2022: €11.6m) arose due to tax deductions available on accelerated operational excellence costs.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

4. Finance income and costs

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Finance income:			
Interest income on deposits	3.4	0.8	6.6
Interest income on vendor loan note	2.3	-	-
	5.7	0.8	6.6
Finance costs:			
Interest payable and finance charges	(34.1)	(33.7)	(70.9)
Interest on lease liabilities	(0.9)	(1.9)	(3.4)
Interest rate derivative	0.2	0.1	0.4
	(34.8)	(35.5)	(73.9)
Net interest income on retirement benefits obligation	1.6	0.6	1.1
Finance costs	(33.2)	(34.9)	(72.8)

5. Earnings per A ordinary share

	Half year ended 30 June 2023 Unaudited EPS cent €'m		Half year ended 30 June 2022 Unaudited EPS cent €'m		Year ended 31 Dec. 2022 Audited EPS cent €'m	
Basic earnings per share						
Profit after taxation attributable to equity holders of the parent	201.7	358.2	128.4	227.6	341.9	606.4
Diluted earnings per share						
Profit after taxation attributable to equity holders of the parent	201.5	358.2	128.2	227.6	341.3	606.4
Number of Shares						
	30 June 2023 Unaudited m's		30 June 2022 Unaudited m's		31 Dec. 2022 Audited m's	
Basic weighted average number of shares	177.6		177.3		177.4	
Impact of share options outstanding	0.2		0.2		0.3	
Diluted weighted average number of shares	177.8		177.5		177.7	

6. Dividends

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Amounts recognised as distributions to equity shareholders in the period			
Final 2022 dividend of 73.40 cent per A ordinary share paid 12 May 2023 (Final 2021 dividend of 66.70 cent per A ordinary share paid 6 May 2022)	130.0	118.0	118.0
Interim 2022 dividend of 31.40 cent per A ordinary share paid 11 November 2022	-	-	55.6
	130.0	118.0	173.6

Since the end of the period, the Board has declared an interim dividend of 34.60 cent per A ordinary share which amounts to €61.3m. The payment date for the interim dividend will be 10 November 2023 to shareholders registered on the record date as at 13 October 2023. The Condensed Consolidated Interim Financial Statements do not reflect this dividend.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

7. Other non-current financial instruments

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Vendor loan note	125.0	-	-
Forward foreign exchange contracts	0.7	2.7	0.3
Total other non-current financial instruments	125.7	2.7	0.3

As of 30 June 2023, the Group holds an interest bearing vendor loan note which was entered into as part of the consideration for the sale of the trade and assets of the Sweet Ingredients Portfolio from the Taste & Nutrition segment (note 3). The carrying amount of the debt receivable is **€125.0m**, this represents the amount due from third parties and is initially recognised at fair value. As the Group objective for the vendor loan note is to collect the contractual cash flows when due, the Group measures at amortised cost using the effective interest method subsequent to initial recognition.

8. Assets and liabilities classified as held for sale

At 30 June 2023, the Group held certain property, plant and equipment classified as held for sale in the Taste & Nutrition segment in Europe and North America. These assets have been impaired by **€15.0m** representing their fair value less costs to sell (note 3).

At 31 December 2022, the Group had net assets classified as held for sale of €368.3m. In March 2023, the Group disposed of its Sweet Ingredients Portfolio from the Taste & Nutrition segment, for a consideration of €483.0m comprising of an initial cash consideration of €358.0m (following routine closing adjustments, see note 3) plus a €125.0m interest bearing vendor loan note. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'.

At 30 June 2022, the Group held certain property, plant and equipment classified as held for sale in the Taste & Nutrition segment in Europe and North America. In addition, the Group classified the Taste & Nutrition businesses located in Russia and Belarus as assets held for sale during the period, the residual fair value of these assets on the Condensed Consolidated Balance Sheet was €nil.

The major classes of assets and liabilities comprising the operations classified as held for sale are outlined in the table below:

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Assets classified as held for sale			
Property, plant and equipment	0.6	22.4	100.8
Goodwill	-	-	191.1
Brand related intangible assets	-	-	42.3
Inventories	-	-	53.1
Trade and other receivables	-	-	0.7
Total assets classified as held for sale	0.6	22.4	388.0
Trade and other payables	-	-	(19.7)
Total liabilities directly associated with assets classified as held for sale	-	-	(19.7)
Net assets classified as held for sale*	0.6	22.4	368.3

*The analysis in the table above excludes any transaction and other attributable costs.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

9. Retirement benefits obligation

The net surplus/(deficit) recognised in the Condensed Consolidated Balance Sheet for the Group's defined benefit post-retirement schemes was as follows:

	Schemes in Surplus Half year ended 30 June 2023 Unaudited €'m	Schemes in Deficit Half year ended 30 June 2023 Unaudited €'m	Total Half year ended 30 June 2023 Unaudited €'m
Net recognised surplus/(deficit) before deferred tax	96.2	(53.1)	43.1
Net related deferred tax (liability)/asset	(12.0)	13.0	1.0
Net recognised surplus/(deficit) after deferred tax	84.2	(40.1)	44.1

At 30 June 2023, the net surplus before deferred tax for defined benefit post-retirement schemes was **€43.1m** (30 June 2022: €201.8m; 31 December 2022: €65.4m). This was calculated by rolling forward the defined benefit post-retirement schemes' liabilities at 31 December 2022 to reflect material movements in underlying assumptions over the period while the defined benefit post-retirement schemes' assets at 30 June 2023 are measured at market value. The reduction in the net surplus before deferred tax of €22.3m was driven by lower asset values which were partially offset by favourable movements in financial assumptions.

The surplus at 30 June 2023 and 31 December 2022 relates to the Irish scheme, while the surplus at 30 June 2022 relates to both the Irish and UK schemes. The surplus has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus.

	Schemes in Surplus Half year ended 30 June 2022 Unaudited €'m	Schemes in Deficit Half year ended 30 June 2022 Unaudited €'m	Total Half year ended 30 June 2022 Unaudited €'m
Net recognised surplus/(deficit) before deferred tax	221.6	(19.8)	201.8
Net related deferred tax (liability)/asset	(42.8)	5.1	(37.7)
Net recognised surplus/(deficit) after deferred tax	178.8	(14.7)	164.1

	Schemes in Surplus year ended 31 Dec. 2022 Audited €'m	Schemes in Deficit year ended 31 Dec. 2022 Audited €'m	Total year ended 31 Dec. 2022 Audited €'m
Net recognised surplus/(deficit) before deferred tax	95.6	(30.2)	65.4
Net related deferred tax (liability)/asset	(11.9)	7.3	(4.6)
Net recognised surplus/(deficit) after deferred tax	83.7	(22.9)	60.8

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

10. Financial instruments

i) The following table outlines the financial assets and liabilities in relation to net debt held by the Group at the Balance Sheet date:

	Financial Assets/(Liabilities) at Amortised Cost €'m	Liabilities at Fair Value through Profit or Loss €'m	Derivatives Designated as Hedging Instruments €'m	Assets/ (Liabilities) at FVOCI €'m	Total €'m
Assets:					
Interest rate swaps	-	-	-	-	-
Cash at bank and in hand	660.8	-	-	-	660.8
	660.8	-	-	-	660.8
Liabilities:					
Interest rate swaps	-	-	(15.9)	-	(15.9)
Bank overdrafts	-	-	-	-	-
Bank loans	1.5	-	-	-	1.5
Senior Notes	(2,441.8)	12.5	-	-	(2,429.3)
Borrowings and overdrafts	(2,440.3)	12.5	-	-	(2,427.8)
Net debt - pre lease liabilities	(1,779.5)	12.5	(15.9)	-	(1,782.9)
Lease liabilities	(63.6)	-	-	-	(63.6)
Net debt at 30 June 2023 - unaudited	(1,843.1)	12.5	(15.9)	-	(1,846.5)
Assets:					
Interest rate swaps	-	-	38.0	-	38.0
Cash at bank and in hand	757.2	-	-	-	757.2
	757.2	-	38.0	-	795.2
Liabilities:					
Interest rate swaps	-	-	(17.4)	-	(17.4)
Bank overdrafts	(13.0)	-	-	-	(13.0)
Bank loans	(2.7)	-	-	-	(2.7)
Senior Notes	(3,154.6)	4.4	-	-	(3,150.2)
Borrowings and overdrafts	(3,170.3)	4.4	-	-	(3,165.9)
Net debt - pre lease liabilities	(2,413.1)	4.4	20.6	-	(2,388.1)
Lease liabilities	(68.2)	-	-	-	(68.2)
Net debt at 30 June 2022 - unaudited	(2,481.3)	4.4	20.6	-	(2,456.3)
Assets:					
Interest rate swaps	-	-	37.0	-	37.0
Cash at bank and in hand	970.0	-	-	-	970.0
	970.0	-	37.0	-	1,007.0
Liabilities:					
Interest rate swaps	-	-	(21.5)	-	(21.5)
Bank overdrafts	(0.2)	-	-	-	(0.2)
Bank loans	(1.7)	-	-	-	(1.7)
Senior Notes	(3,144.3)	12.5	-	-	(3,131.8)
Borrowings and overdrafts	(3,146.2)	12.5	-	-	(3,133.7)
Net debt - pre lease liabilities	(2,176.2)	12.5	15.5	-	(2,148.2)
Lease liabilities	(69.2)	-	-	-	(69.2)
Net debt at 31 December 2022 - audited	(2,245.4)	12.5	15.5	-	(2,217.4)

All Group borrowings and overdrafts and interest rate swaps are guaranteed by Kerry Group plc. No assets of the Group have been pledged to secure these items.

In April 2023 the Group repaid in full US\$750m of its 2023 US\$ Senior Notes issued in 2013. US\$250m of these public notes were swapped from US dollar fixed to euro fixed using cross currency interest rate swaps which were closed out at the time of the repayment. The repayment was funded from existing cash resources of the Group.

In June 2023 the Group amended and restated its revolving credit facility, the undrawn facility has increased from €1,100m to €1,500m with a new maturity date of June 2028. The facility contains two 1-year extension options, exercisable on the 1st and 2nd anniversaries of the facility and which, if exercised, would extend the maturity date of the facility to June 2030.

As at 30 June 2023, the Group's debt portfolio included:

- €750m of Senior Notes issued in 2015 and €200m issued in April 2020 as a tap onto the original issuance (the 2025 Senior Notes). €175m of the issuance in 2015 were swapped, using cross currency swaps, to US dollar;
- €750m of Senior Notes issued in 2019 (the 2029 Senior Notes); and
- €750m of euro sustainability-linked bond notes issued in 2021 (the 2031 SLB Senior Notes).

No interest rate derivatives were entered into for the 2029 Senior Notes and 2031 SLB Senior Notes issuances.

The adjustment to Senior Notes classified under liabilities at fair value through profit or loss of €12.5m (30 June 2022: €4.4m debit; 31 December 2022: €12.5m debit) represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is primarily offset by the fair value adjustment on the corresponding hedge items being the underlying cross currency interest rate swaps.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

10. Financial instruments (continued)

ii) The Group's exposure to interest rates on financial assets and liabilities are detailed in the table below including the impact of cross currency swaps ('CCS') on the currency profile of net debt:

	Total Pre CCS Half year ended 30 June 2023 Unaudited €'m	Impact of CCS Half year ended 30 June 2023 Unaudited €'m	Total after CCS Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Euro	(2,265.6)	175.0	(2,090.6)	(2,371.5)	(2,177.8)
Sterling	88.5	-	88.5	65.8	59.1
US Dollar	179.6	(175.0)	4.6	(254.1)	(279.2)
Other	151.0	-	151.0	103.5	180.5
	(1,846.5)	-	(1,846.5)	(2,456.3)	(2,217.4)

iii) The following table details the maturity profile of the Group's net debt:

	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Cash at bank and in hand	660.8	-	-	-	660.8
Interest rate swaps	-	-	(15.9)	-	(15.9)
Bank overdrafts	-	-	-	-	-
Bank loans	(1.3)	-	2.8	-	1.5
Senior Notes	-	-	(941.3)	(1,488.0)	(2,429.3)
Net debt - pre lease liabilities	659.5	-	(954.4)	(1,488.0)	(1,782.9)
Lease liabilities (discounted)	(31.8)	(11.8)	(13.0)	(7.0)	(63.6)
At 30 June 2023 - unaudited	627.7	(11.8)	(967.4)	(1,495.0)	(1,846.5)
Cash at bank and in hand	757.2	-	-	-	757.2
Interest rate swaps	36.3	-	(15.7)	-	20.6
Bank overdrafts	(13.0)	-	-	-	(13.0)
Bank loans	(0.1)	(2.6)	-	-	(2.7)
Senior Notes	(711.1)	-	(952.8)	(1,486.3)	(3,150.2)
Net debt - pre lease liabilities	69.3	(2.6)	(968.5)	(1,486.3)	(2,388.1)
Lease liabilities (discounted)	(25.7)	(18.3)	(19.7)	(4.5)	(68.2)
At 30 June 2022 - unaudited	43.6	(20.9)	(988.2)	(1,490.8)	(2,456.3)
Cash at bank and in hand	970.0	-	-	-	970.0
Interest rate swaps	35.4	-	(19.9)	-	15.5
Bank overdrafts	(702.6)	-	-	-	(702.6)
Bank loans	-	-	-	-	-
Senior Notes	1.5	(1.7)	(943.7)	(1,487.2)	(2,431.1)
Net debt - pre lease liabilities	304.3	(1.7)	(963.6)	(1,487.2)	(2,148.2)
Lease liabilities (discounted)	(26.9)	(15.6)	(21.6)	(5.1)	(69.2)
At 31 December 2022 - audited	277.4	(17.3)	(985.2)	(1,492.3)	(2,217.4)

At 30 June 2023, the Group had cash on hand of €660.8m. At the period end, the Group had an undrawn committed Syndicate revolving credit facility of €1,500m. Cash at bank and in hand includes an amount of €102.6m held on short-term deposit of which €50.0m was held under a Sustainable Deposits programme.

iv) Fair value of financial instruments:

a) Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- those involving inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

10. Financial instruments (continued)

The following table sets out the fair value of financial instruments carried at fair value:

		Fair Value Hierarchy	30 June 2023 Unaudited €'m	30 June 2022 Unaudited €'m	31 Dec. 2022 Audited €'m
Financial assets					
Interest rate swaps:	Current	Level 2	-	38.0	37.0
Forward foreign exchange contracts:	Non-current	Level 2	0.7	2.7	0.3
	Current	Level 2	19.3	70.3	22.5
Financial asset investments:	Fair value through profit or loss	Level 1	42.8	43.1	43.8
	Fair value through other comprehensive income	Level 3	12.1	9.3	15.1
Financial liabilities					
Interest rate swaps:	Non-current	Level 2	(15.9)	(15.7)	(19.9)
	Current	Level 2	-	(1.7)	(1.6)
Forward foreign exchange contracts:	Non-current	Level 2	(0.2)	(1.1)	(0.4)
	Current	Level 2	(8.5)	(106.9)	(16.8)

There have been no transfers between levels during the current or prior financial period.

b) Fair value of financial instruments carried at amortised cost

Except as defined in the following table, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Condensed Consolidated Interim Financial Statements approximate their fair values.

	Fair Value Hierarchy	Carrying Amount 30 June 2023 Unaudited €'m	Fair Value 30 June 2023 Unaudited €'m	Carrying Amount 30 June 2022 Unaudited €'m	Fair Value 30 June 2022 Unaudited €'m	Carrying Amount 31 Dec. 2022 Audited €'m	Fair Value 31 Dec. 2022 Audited €'m
Financial liabilities							
Senior Notes - Public	Level 2	(2,441.8)	(2,104.9)	(3,154.6)	(2,829.5)	(3,144.3)	(2,761.4)

c) Valuation principles

The fair value of financial assets and liabilities are determined as follows:

- assets and liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices. This includes equity investments;
- other financial assets and liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This includes interest rate swaps and forward foreign exchange contracts which are determined by discounting the estimated future cash flows;
- the fair values of financial instruments that are not based on observable market data (unobservable inputs) requires entity specific valuation techniques; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties.

Net debt reconciliation

	Cash at bank and in hand €'m	Interest Rate Swaps €'m	Overdrafts due within 1 year* €'m	Borrowings due within 1 year* €'m	Borrowings due after 1 year* €'m	Net Debt - pre lease liabilities €'m	Lease liabilities* €'m	Net Debt €'m
At 31 December 2021 - audited	1,039.1	34.6	(5.3)	(0.3)	(3,118.0)	(2,049.9)	(74.2)	(2,124.1)
Cash flows	(300.0)	-	(7.4)	(0.1)	-	(307.5)	15.9	(291.6)
Foreign exchange adjustments	18.1	4.4	(0.3)	(50.2)	(0.4)	(28.4)	(4.1)	(32.5)
Other non-cash movements	-	(18.4)	-	(660.6)	676.7	(2.3)	(5.8)	(8.1)
At 30 June 2022 - unaudited	757.2	20.6	(13.0)	(711.2)	(2,441.7)	(2,388.1)	(68.2)	(2,456.3)
Cash flows	224.0	-	12.4	0.4	0.7	237.5	19.2	256.7
Foreign exchange adjustments	(11.2)	(0.9)	0.4	10.3	0.1	(1.3)	1.5	0.2
Other non-cash movements	-	(4.2)	-	(0.4)	8.3	3.7	(21.7)	(18.0)
At 31 December 2022 - audited	970.0	15.5	(0.2)	(700.9)	(2,432.6)	(2,148.2)	(69.2)	(2,217.4)
Cash flows	(294.9)	(34.5)	0.2	688.3	4.5	363.6	17.4	381.0
Foreign exchange adjustments	(14.3)	1.4	-	12.9	(0.3)	(0.3)	1.3	1.0
Other non-cash movements	-	1.7	-	(1.6)	1.9	2.0	(13.1)	(11.1)
At 30 June 2023 - unaudited	660.8	(15.9)	-	(1.3)	(2,426.5)	(1,782.9)	(63.6)	(1,846.5)

*Liabilities from financing activities.

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

11. Business combinations

The following acquisition was completed by the Group during the period to 30 June 2023:

Acquisition	Type	Completion date	Percentage acquired	Segment	Principal activity	Strategic rationale
Proexcar S.A.S.	Equity	May 2023	100% share acquisition	Taste & Nutrition	A producer of leading natural functional systems technologies, which can deliver clean label solutions into protein applications based in Colombia.	Strengthens Kerry's capabilities and leading position within the Latin American meat market, while also providing a platform for further strategic growth within the ANDEAN Region.

The table below provides details of the identifiable net assets, including adjustments to provisional fair values, in respect of the acquisition completed during the period to 30 June 2023:

	Half year ended 30 June 2023 Unaudited €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
<i>Non-current assets</i>	
Property, plant and equipment	9.9
Brand related intangibles	9.5
<i>Current assets</i>	
Cash at bank and in hand	0.2
Inventories	3.4
Trade and other receivables	4.3
<i>Current liabilities</i>	
Trade and other payables	(6.1)
Other current liabilities	(2.1)
<i>Non-current liabilities</i>	
Deferred tax liabilities	(3.5)
Other non-current liabilities	(2.5)
Total identifiable assets	13.1
Goodwill	34.4
Total consideration	47.5
Satisfied by:	
Cash	40.4
Deferred payment*	7.1
	47.5

*A potential additional payment of up to €16.8m (US\$18m) payable in 2025 based on achieving earn-out conditions. The €7.1m represents the fair value of the expected deferred payment.

Net cash outflow on acquisition:

	Half year ended 30 June 2023 Unaudited €'m
Cash	40.4
Less: cash and cash equivalents acquired	(0.2)
Plus: debt acquired (included in other current liabilities above)	1.3
	41.5

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

11. Business combinations (continued)

The acquisition method of accounting has been used to consolidate the business acquired in the Group's Condensed Consolidated Interim Financial Statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, some of the values in the previous table are determined provisionally. For the acquisitions completed in 2022, to date, there have been no material revisions of the provisional fair value adjustments since the initial values were established. The Group performs quantitative and qualitative assessments of each acquisition in order to determine whether it is material for the purposes of separate disclosure under IFRS 3 'Business Combinations'.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired business and the synergies expected to arise within the Group after the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to this acquisition of **€0.2m** were charged in the Group's Condensed Consolidated Income Statement during the financial period. The fair value of the financial assets includes trade and other receivables with a fair value of **€4.3m** and a gross contractual value of **€5.0m**.

The revenue and profit after taxation attributable to owners of the parent to the Group contributed from date of acquisition for all business combinations effected during the period is as follows:

	Half year ended 30 June 2023 Unaudited €'m
Revenue	1.6
Profit after taxation attributable to equity holders of the parent	-

The revenue and profit after taxation attributable to equity holders of the parent to the Group determined in accordance with IFRS as though the acquisition date for all business combinations effected during the period had been the beginning of that period would be as follows:

	2023 acquisition Unaudited €'m	Kerry Group excluding 2023 acquisition Unaudited €'m	Consolidated Group including acquisition Unaudited €'m
Revenue	9.1	4,120.0	4,129.1
Profit after taxation attributable to equity holders of the parent	0.2	358.2	358.4

12. Share capital

	Half year ended 30 June 2023 Unaudited €'m	Half year ended 30 June 2022 Unaudited €'m	Year ended 31 Dec. 2022 Audited €'m
Authorised 280,000,000 A ordinary shares of 12.50 cent each	35.0	35.0	35.0
Allotted, called-up and fully paid (A ordinary shares of 12.50 cent each)			
At beginning of the financial period	22.1	22.1	22.1
Shares issued during the financial period	-	-	-
At end of the financial period	22.1	22.1	22.1

Kerry Group plc has one class of ordinary share which carries no right to fixed income.

Shares issued during the period

During the period a total of **112,080** A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long-Term and Short-Term Incentive Plans.

The total number of shares in issue at 30 June 2023 was **177,098,561** (30 June 2022: 176,941,764; 31 December 2022: 176,986,481).

Notes to the Condensed Consolidated Interim Financial Statements (continued)

for the half year ended 30 June 2023

13. Events after the Balance Sheet date

Since the period end, the Group has declared an interim dividend of **34.60 cent** per A ordinary share (see note 6).

On 31 July 2023 the Group acquired 100% of the shares of Shanghai Greatang Orchard Food Co., Ltd. based in China for an initial consideration of €91.1m* (RMB 720m) subject to routine closing adjustments, with potential additional payments of up to €98.7m* (RMB 780m) payable in tranches annually from 2024 to 2026 based on achieving earn-out conditions. While the fair value exercise has been initiated, due to the recent nature of this transaction the outcome will be reported as part of our 2023 full year results in February 2024.

*Exchange rate of RMB 7.90:€1.

There have been no other significant events, outside of the ordinary course of business, affecting the Group since 30 June 2023.

14. General information

These unaudited Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2023 are not full financial statements and were not reviewed or audited by the Group's auditors, PricewaterhouseCoopers (PwC). These Condensed Consolidated Interim Financial Statements were approved by the Board of Directors and authorised for issue on 1 August 2023. The figures disclosed relating to 31 December 2022 have been derived from the Consolidated Financial Statements which were audited, received an unqualified audit report and have been filed with the Registrar of Companies. This report should be read in conjunction with the 2022 Annual Report which was prepared in accordance with IFRS adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS refer to IFRS adopted by the EU. The accounting policies applied by the Group in these Condensed Consolidated Interim Financial Statements are the same as those detailed in the 2022 Annual Report.

These unaudited Condensed Consolidated Interim Financial Statements have been prepared on the going concern basis of accounting as set out in note 1. The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's budget for a period not less than 12 months, the five year medium-term plan and have taken into account the cash flow implications of the plans, including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

In relation to seasonality, EBITDA is lower in the first half of the year due to the nature of the food business and stronger trading in the second half. While revenue is relatively evenly spread, margin has traditionally been higher in the second half of the year due to product mix and the timing of promotional activity. There is also a material change to the levels of working capital between December and June mainly due to the seasonal nature of the dairy and crop-based businesses.

As permitted by the Transparency (Directive 2004/109/EC) Regulations 2007 this Interim Report is available on www.kerry.com. However, if a physical copy is required, please contact the Corporate Affairs department.

FINANCIAL DEFINITIONS

1. Revenue

Volume growth

This represents the sales growth period-on-period, excluding pass-through pricing on input costs, currency impacts, acquisitions, disposals and rationalisation volumes.

Volume growth is an important metric as it is seen as the key driver of organic top-line business improvement. Pricing impacts revenue growth positively or negatively depending on whether inputs move up or down. A full reconciliation to reported revenue performance is detailed in the revenue reconciliation below.

Revenue Reconciliation

H1 2023	Volume performance	Price	Transaction currency	Acquisitions	Disposals	Translation currency	Reported performance
Taste & Nutrition	1.4%	5.4%	-	1.3%	(5.3%)	(0.1%)	2.7%
Dairy Ireland	(2.5%)	0.4%	(0.1%)	-	-	(0.8%)	(3.0%)
Group	0.6%	4.5%	-	1.1%	(4.5%)	(0.1%)	1.6%
H1 2022							
Taste & Nutrition	8.6%	5.9%	0.2%	6.3%	(0.5%)	7.0%	27.5%
Dairy Ireland*	1.2%	15.4%	0.1%	-	(46.1%)	1.9%	(27.5%)
Group	6.8%	8.3%	0.1%	4.7%	(12.4%)	5.8%	13.3%

*Within the Dairy Ireland H1 2022 base comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021.

2. EBITDA

EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation. EBITDA is reflective of underlying trading performance and allows comparison of the trading performance of the Group's businesses, either period-on-period or with other businesses.

	H1 2023 €'m	H1 2022 €'m
Profit after taxation	357.9	227.6
Share of joint ventures' results after taxation	0.7	(1.1)
Finance income	(5.7)	(0.8)
Finance costs	33.2	34.9
Income taxes	21.3	37.5
Non-trading items	(40.5)	69.5
Intangible asset amortisation	42.1	42.0
Depreciation (net)	109.0	108.1
EBITDA	518.0	517.7

3. EBITDA Margin

EBITDA margin represents EBITDA expressed as a percentage of revenue.

	H1 2023 €'m	H1 2022 €'m
EBITDA	518.0	517.7
Revenue	4,121.6	4,057.8
EBITDA margin	12.6%	12.8%

4. Operating Profit

Operating profit is profit before income taxes, finance income, finance costs and share of joint ventures' results after taxation.

	H1 2023 €'m	H1 2022 €'m
Profit before taxation	379.2	265.1
Finance income	(5.7)	(0.8)
Finance costs	33.2	34.9
Share of joint ventures' results after taxation	0.7	(1.1)
Operating profit	407.4	298.1

FINANCIAL DEFINITIONS (continued)

5. Adjusted Earnings Per Share and Performance in Adjusted Earnings Per Share on a Constant Currency Basis

The performance in adjusted earnings per share on a constant currency basis is provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation attributable to equity holders of the parent before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings. A full reconciliation of adjusted earnings per share to basic earnings is provided below. Constant currency eliminates the translational effect that arises from changes in foreign currency period-on-period. The performance in adjusted earnings per share on a constant currency basis is calculated by comparing current period adjusted earnings per share to the prior period adjusted earnings per share retranslated at current period average exchange rates.

	H1 2023 EPS cent	Performance %	H1 2022 EPS cent	Performance %
Basic earnings per share	201.7	57.1%	128.4	0.2%
Brand related intangible asset amortisation	14.9	-	13.0	-
Non-trading items (net of related tax)	(36.6)	-	35.0	-
Adjusted earnings per share	180.0	2.0%	176.4	16.1%
Impact of retranslating prior period adjusted earnings per share at current period average exchange rates*		0.1%		(7.1%)
Growth in adjusted earnings per share on a constant currency basis		2.1%		9.0%

*Impact of H1 2023 translation was 0.2/176.4 cent = 0.1% (H1 2022: (7.1%)).

6. Free Cash Flow

Free cash flow is EBITDA plus movement in average working capital, capital expenditure net (purchase of assets, payment of lease liabilities, proceeds from the sale of assets (net of disposal expenses) and capital grants received), pensions contributions paid less pension expense, finance costs paid (net) and income taxes paid.

Free cash flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to shareholders. Movement in average working capital is used when calculating free cash flow as management believes this provides a more accurate measure of the increase or decrease in working capital needed to support the business over the course of the period rather than at two distinct points in time and more accurately reflects fluctuations caused by seasonality and other timing factors. Average working capital is the sum of each month's working capital over 6 months adjusted for the impact of acquisitions and disposals. Below is a reconciliation of free cash flow to the nearest IFRS measure, which is 'Net cash from operating activities'.

	H1 2023 €'m	H1 2022 €'m
Net cash from operating activities	309.7	132.2
Difference between movement in monthly average working capital and movement in the period end working capital	(13.5)	113.8
Payments on non-trading items	39.5	36.1
Purchase of assets	(99.8)	(61.3)
Payment of lease liabilities	(17.4)	(15.9)
Proceeds from the sale of assets (net of disposal expenses)	11.5	3.2
Capital grants received	-	-
Exchange translation adjustment	1.9	17.9
Free cash flow	231.9	226.0

7. Cash Conversion

Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after taxation. Cash conversion is an important metric as it measures how much of the Group's adjusted earnings is converted into cash.

	H1 2023 €'m	H1 2022 €'m
Free cash flow	231.9	226.0
Profit after taxation attributable to equity holders of the parent	358.2	227.6
Brand related intangible asset amortisation	26.5	23.1
Non-trading items (net of related tax)	(65.0)	62.1
Adjusted earnings after taxation	319.7	312.8
Cash conversion	73%	72%

FINANCIAL DEFINITIONS (continued)

8. Liquidity Analysis

The Net debt: EBITDA and EBITDA: Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

	H1 2023 Times	H1 2022 Times
Net debt: EBITDA	1.6	2.1
EBITDA: Net interest	19.0	16.0

9. Average Capital Employed

Average capital employed is calculated by taking an average of the equity attributable to equity holders of the parent and net debt over the last three reported Balance Sheets.

	H1 2023 €'m	2022 €'m	H1 2022 €'m	2021 €'m	H1 2021 €'m
Equity attributable to equity holders of the parent	6,356.5	6,221.9	6,088.7	5,601.2	4,963.1
Net debt	1,846.5	2,217.4	2,456.3	2,124.1	1,980.6
Total capital employed	8,203.0	8,439.3	8,545.0	7,725.3	6,943.7
Average capital employed	8,395.8	8,236.5	7,738.0		

10. Return on Average Capital Employed (ROACE)

This measure is defined as profit after taxation attributable to equity holders of the parent before non-trading items (net of related tax), brand related intangible asset amortisation and finance income and costs expressed as a percentage of average capital employed. ROACE is a key measure of the return the Group achieves on its investment in capital expenditure projects, acquisitions and other strategic investments.

	12 months to H1 2023 €'m	12 months to H1 2022 €'m	FY 2022 €'m
Profit after taxation attributable to equity holders of the parent	737.0	763.6	606.4
Non-trading items (net of related tax)	(2.9)	(92.1)	124.2
Brand related intangible asset amortisation	54.3	46.9	50.9
Net finance costs	59.6	69.8	66.2
Adjusted profit	848.0	788.2	847.7
Average capital employed	8,395.8	7,738.0	8,236.5
Return on average capital employed	10.1%	10.2%	10.3%

11. Net Debt

Net debt comprises borrowings and overdrafts, interest rate derivative financial instruments, lease liabilities and cash at bank and in hand. See full reconciliation of net debt in note 10 of these Condensed Consolidated Interim Financial Statements.



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