Date: 30 July 2021

KERRY GROUP
INTERIM MANAGEMENT REPORT 2021

Strong Growth and Strategic Portfolio Development

Kerry reports business performance for the half year ended 30 June 2021.

OVERVIEW

- Group revenue of €3.6 billion reflecting 9.0% volume growth
  - Taste & Nutrition volumes +9.8% *(Q2: +18.1%)*
  - Consumer Foods volumes +4.6% *(Q2: +8.5%)*
- Pricing of +0.5%
- Group trading margin +70bps
  - Taste & Nutrition +80bps
  - Consumer Foods +20bps
- Adjusted EPS of 152.0 cent – up 24.1% on a constant currency basis
- Basic EPS of 128.2 cent *(H1 2020: 120.4 cent)*
- Free cash flow of €222m reflecting 83% cash conversion
- Interim dividend per share of 28.5 cent *(H1 2020: 25.9 cent)*
- Guidance updated to reflect business performance and portfolio development

Edmond Scanlon, Chief Executive Officer

“We are pleased with overall performance in the period, reflecting continued strong growth in our retail channel, with good progression and momentum in foodservice while lapping lower prior year levels. The Americas had good overall volume growth, Europe delivered an excellent relative performance, while growth in APMEA remained strong despite challenging conditions in some local markets. A number of our end use markets had strong category development in the period, with Beverage in particular achieving excellent growth.

We had some notable strategic developments this year as we continued to evolve our portfolio. We announced the acquisition of Niacet, which enhances our leadership position in the fast growing food protection and preservation market, while we also reached agreement for the sale of our Consumer Foods' Meats and Meals business. These transactions will further enhance Kerry's position as a market-leading taste & nutrition company.

Our performance through the period gives us continued confidence in our full year outlook, while recognising the inherent uncertainty that will remain in many regions through the remainder of the year. Our earnings guidance range has been updated as a result, and we have also reflected the expected impact from portfolio developments.”

Markets and Performance

Overall conditions improved in many developed markets, with increased economic activity, reopening levels and consumer confidence, while developing markets saw a lot more variability through the period. At-home consumption remains elevated as work practices and consumers' daily routines continue to evolve, with the foodservice channel continuing its trajectory of gradual overall recovery.

Our markets remain highly dynamic, as customers seek to address heightened consumer demands for increased health and wellness benefits, plant protein options, digital engagement, and products addressing a number of sustainability measures.

Group reported revenue in the period increased by 4.9% to €3.6 billion, reflecting a volume increase of 9.0%, increased pricing of 0.5%, an adverse transaction currency impact of 0.1%, an adverse translation currency impact of 5.4%, and contribution from acquisitions of 0.9%.

Group reported trading profit increased by 13.0% to €357 million in the period. Group trading profit margin increased by 70bps to 10.0% primarily due to the recovery of operating leverage given the impact of COVID-19 in the prior year.

Constant currency adjusted earnings per share increased by 24.1% to 152.0 cent (H1 2020: -19.8%). Basic earnings per share increased to 128.2 cent (H1 2020: 120.4 cent).

The interim dividend of 28.5 cent per share reflects an increase of 10.0% from the prior year interim dividend. The Group achieved free cash flow of €222m (H1 2020: €107m) representing cash conversion of 83% in the period.

Strategic Portfolio Developments

The Group announced a number of important strategic developments in the period, with acquisitions aligned to the key strategic growth areas of food protection and preservation as well as proactive health.

As previously announced, we reached agreement to acquire *Niacet*, which is a global market leader in technologies for food protection and preservation. It brings a complementary product portfolio and enhances Kerry's leadership position in this fast growing market. It is expected to complete at the end of the third quarter for a consideration of €853m[1] subject to customary closing conditions. The bolt-on acquisition of *National Vinegar Co.* was completed in the period for a consideration of €25m, adding further capacity and supporting the Group's growth strategy in natural preservation.

We announced the acquisition of *Biosearch, S.A.*, which is a leading biotechnology company based in Spain. The company provides innovative solutions to the global pharmaceutical, nutraceutical and functional food sectors, with an extensive range of probiotics, scientifically backed innovative botanical extracts and omega-3 oils. The acquisition completed in July for a total consideration of €127m. Supporting the Group's proactive health strategy, agreement was also reached for the acquisition of *Natreon, Inc.* with facilities in the USA and India for a consideration of €42m[2]. This brings leading capability in Ayurvedic and botanical extracts, with a portfolio of clinically backed branded ingredients for stress and sleep under the need state of cognition as well as heart and joint health under healthy ageing.

As previously announced, the Group reached agreement for the disposal of its Consumer Foods' Meats and Meals business to Pilgrim's Pride Corporation. Cash consideration for the transaction is €819m[3] and the disposal is expected to close in the final quarter subject to customary closing conditions and regulatory approvals.

[1] As previously announced €853m is based on a cash consideration of $1,015m at an exchange rate on 21 June of $1.19: €1

[2] €42m is based on a cash consideration of $50m at an exchange rate of $1.18: €1 and is subject to routine closing conditions

[3] €819m is based on a cash consideration of £704m at an exchange rate on 17 June of £0.86: €1

Business Reviews

Taste & Nutrition

Strong growth in retail channel, with good progression and activity across the foodservice channel

	H1 2021	Growth
Revenue	€2,939m	+9.8%[1]
Trading margin	12.4%	+80bps

[1] volume growth

- Exceptional volume growth in Q2 of 18.1% reflected lower prior year comparatives and good underlying growth
- Foodservice volume growth of 25.2% with significantly improved channel dynamics
- Retail volume growth of 5.4% led by Beverage and Food EUMs (particularly Snacks and Dairy)
- Pricing of 0.5% reflecting increases in input costs
- Trading margin increase driven principally by significant operating leverage recovery

Taste & Nutrition continued its positive momentum through the period. The foodservice channel saw improved market conditions with further reopening of operations in many regions and increased customer innovation activity particularly in the second quarter. The retail channel continued to deliver strong growth, supported by an increased level of local innovation, with a number of launches incorporating our proactive nutrition portfolio and Radicle™ plant-based range, while supporting customers to deliver on their sustainability initiatives. Business volumes in developing markets increased by 15.3% with strong growth across all regions.

Americas Region

- Overall volume performance of 8.1% with strong growth in Q2
- Retail channel delivered strong growth led by Beverage, Snacks and Bakery
- Foodservice channel continued to achieve good momentum and innovation activity

Revenue in the region was €1,542m reflecting business volume growth, positive pricing and contribution from acquisitions, more than offset by adverse foreign currency translation, resulting in an overall reported revenue decrease of 0.3%.

The North American retail channel achieved excellent growth in the Beverage EUM with increased demand for proactive nutrition, new innovations with taste systems and natural extracts, and a number of launches in plant-based beverages. Within the Food EUM, Snacks performed very well supported by new launches in healthier snacking. Within Meat, Kerry's food protection and preservation solutions performed well and there was strong business development in plant-based alternatives. Performance in Cereals was impacted by product repositioning in the category, while Bakery delivered good growth through taste systems and cleaner label solutions.

Performance in the foodservice channel reflected the impact of lower prior year comparatives, the easing of restrictions and increased innovation activity. The reopening of operations within the foodservice channel resulted in increased activity across quick service restaurants, fast casual and casual dining as we moved through the period. Labour shortages and wage inflation pressures led to a heightened focus on customer innovations to reduce complexity in back of house operations. While we have continued to make progress, we experienced delays in the commissioning of our new manufacturing facility in Rome, Georgia primarily as a result of equipment delays caused by global supply chain disruption.

In LATAM, Brazil achieved strong growth driven by performance in Beverage and ice cream. Mexico delivered good growth led by Snack applications while performance in CACAR improved later in the period. A new Taste facility was opened in Irapuato, Mexico to enhance the Group's capabilities in servicing local markets.

The global Pharma EUM delivered solid growth led by the performance of cell nutrition and Kerry's Wellmune® immunity enhancing technology.

Europe Region

- Overall volume growth of 10.7%, with a particularly strong performance in Q2
- Retail channel delivered very good growth led by Meat, Dairy and Snacks
- Foodservice channel performance improved significantly with the easing of restrictions through the second quarter

Revenue in the region was €722m reflecting business volume growth and positive pricing, partially offset by an adverse impact from transaction and translation currency, resulting in a reported revenue increase of 9.9%.

Overall performance in the retail channel was particularly strong in the second quarter, with very good growth across a number of end use markets. Within the Food EUM, Meat achieved excellent growth through a number of plant-based meat alternative innovations, launches with natural preservation and increased demand for healthier coating systems. Dairy delivered strong growth through taste solutions into new launches in premium and dairy-free ice cream ranges, while international dairy markets were impacted by increased demand versus supply dynamics. Snacks also performed well with good growth in savoury taste solutions. Within the Beverage EUM, there was very good growth with low/non-alcoholic beverages incorporating Kerry's botanicals, natural extracts and sugar reduction technologies.

The foodservice channel saw improved performance with the easing of restrictions in many regions through the second quarter, most notably in the UK, Southern and Eastern Europe. The exceptionally strong volume growth in foodservice in the second quarter reflected significantly lower prior year comparatives, when the region was most impacted by lockdowns and restrictions on movement.

Russia and Eastern Europe continued to deliver excellent growth across both retail and foodservice channels, led by Snacks and Meat.

APMEA Region

- Overall volume growth of 14.0% across the period
- Retail channel delivered strong growth led by Beverage, Dairy and Meat
- Foodservice channel performance improved significantly led by growth in China, the Middle East and Australia

Revenue in the region was €646m reflecting business volume growth, positive pricing and contribution from acquisitions, partially offset by an adverse impact from transaction and translation currency, resulting in a reported revenue increase of 14.0%.

Market conditions varied during the period with localised restrictions in place in many jurisdictions. Within the region there were some notable performances, with China delivering excellent growth across both channels, the Middle East and Australia performing particularly well in the foodservice channel, while South East Asia and Japan continued to be impacted by restrictions on mobility.

In the retail channel, excellent growth was achieved within the Beverage EUM across tea, coffee and refreshing beverage. Within the Food EUM, Dairy delivered strong growth through a number of launches with regional leaders, while Meat performed very well with increased demand for local authentic taste offerings. Overall growth in the foodservice channel was broad-based across the region following the lower prior year comparatives and primarily led by Beverage and Meals.

The Group made good progress in the development of its new Taste facility in Durban in the period. The construction of a new Taste manufacturing facility in Indonesia was also announced, catering for a wide range of technologies. This facility will include a new RD&A centre and is expected to be operational by the end of 2022.

Consumer Foods

Strong volume growth particularly in the second quarter

	H1 2021	Growth
Revenue	€674m	+4.6%[1]
Trading margin	7.2%	+20bps

[1] volume growth

- Volume growth of 4.6% – led by snacking, meat-free ranges and chilled ready meals
- Pricing of 0.4% reflecting increases in input costs and market pricing
- Trading margin +20bps primarily due to operating leverage

Revenue in the division was €674m reflecting business volume growth and positive pricing, partially offset by an adverse impact from transaction and translation currency, resulting in a reported revenue increase of 4.3%.

The Richmond sausage range delivered very good growth in the period, with meat-free offerings continuing to drive further market share gains supported by strong innovation and new launch activity. The Denny brand performed well, while reduced retailer deli counter operations impacted sales of sliced cooked meats. Performance of Dairygold and spreadable butter was lower reflecting the lapping of strong prior year comparatives.

Chilled meals achieved strong growth, while frozen meals sales improved through the period after being initially impacted by increased customer stocking at the end of the previous year.

The snacking range delivered strong growth primarily through Fridge Raiders, while the Strings & Things range, led by Cheestrings achieved very good growth with the reopening of schools at the end of the first quarter. The Oakhouse Foods home delivery business continued to perform very well across the period.

Financial Review

	Growth	**H1 2021 €'m**	H1 2020 €'m
Revenue	+4.9%	**3,582.1**	3,414.0
Trading profit	+13.0%	**357.1**	315.9
Trading margin		***10.0%***	*9.3%*
Computer software amortisation		**(16.8)**	(13.1)
Finance costs (net)		**(34.2)**	(37.3)
Adjusted earnings before taxation		**306.1**	265.5
Income taxes (excluding non-trading items)		**(36.9)**	(31.8)
Adjusted earnings after taxation	+15.2%	**269.2**	233.7
Brand related intangible asset amortisation		**(22.4)**	(20.6)
Non-trading items (net of related tax)		**(19.8)**	-
Profit after taxation		**227.0**	213.1
		EPS cent	EPS cent
Basic EPS	+6.5%	**128.2**	120.4
Brand related intangible asset amortisation		**12.6**	11.7
Non-trading items (net of related tax)		**11.2**	-
Adjusted* EPS	+15.1%	**152.0**	132.1
Impact of exchange rate translation	+9.0%		
Adjusted* EPS growth in constant currency	**+24.1%**		(19.8%)

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

See Financial Definitions section pages 27-29 for definitions, calculations and reconciliations of Alternative Performance Measures.

Revenue

On a reported basis, Group revenue increased by **4.9%** to **€3.6 billion** (H1 2020: €3.4 billion), including a volume increase of **9.0%** against lower year comparatives due to the impact of COVID-19, positive pricing of **0.5%**, adverse transaction and translation currency impacts of **0.1%** and **5.4%** respectively, and contribution from business acquisitions of **0.9%**.

H1 2020: Group reported revenue (4.3%), volume (6.0%), pricing +0.4%, translation currency +0.1%, acquisitions +1.2%.

In Taste & Nutrition, reported revenue increased by **5.0%** to **€2.9 billion** (H1 2020: €2.8 billion), including a volume increase of **9.8%**, positive pricing of **0.5%**, adverse transaction and translation currency impacts of **0.1%** and **6.3%** respectively, and contribution from business acquisitions of **1.1%**.

H1 2020: Taste & Nutrition reported revenue (4.0%), volume (5.6%), pricing +0.1%, translation currency +0.1%, acquisitions +1.4%.

In Consumer Foods, reported revenue increased by **4.3%** to **€674m** (H1 2020: €647m), including a volume increase of **4.6%**, positive pricing of **0.4%**, and adverse transaction and translation currency impacts of **0.2%** and **0.5%** respectively.

H1 2020: Consumer Foods reported revenue (6.2%), volume (7.8%), pricing +1.7%, transaction currency (0.1%).

Trading Profit & Margin

Group trading profit increased by **13.0%** to **€357.1m** (H1 2020: €315.9m).

Group trading profit margin increased by **70bps** to **10.0%** in the period, reflecting significant operating leverage given the impact of COVID-19 in the prior year, partially offset by translation currency headwinds and net KerryExcel investments.

Trading profit margin in Taste & Nutrition increased by **80bps** to **12.4%** and in Consumer Foods by **20bps** to **7.2%**, both driven primarily by operating leverage.

Finance Costs (net)

Finance costs (net) for the period decreased to **€34.2m** (H1 2020: €37.3m) primarily due to lower interest rates.

Taxation

The tax charge for the period before non-trading items was **€36.9m** (H1 2020: €31.8m) which represents an effective tax rate of **13.0%** (H1 2020: 13.0%).

Acquisitions

During the period, the Group completed the acquisition of National Vinegar Co. by way of an asset purchase agreement for a consideration of **€24.6m**.

Non-Trading Items

The Group incurred a non-trading item charge of **€19.8m** (H1 2020: €nil) net of tax in the period. This primarily related to the previously announced expansion of Kerry's Global Business Services model.

Adjusted EPS in Constant Currency

Adjusted EPS in constant currency increased by **24.1%** in the period reflecting good underlying performance against lower prior year comparatives and before a significant foreign currency translation headwind (H1 2020: -19.8%).

Basic EPS

Basic EPS increased by **6.5%** to **128.2 cent** in the period (H1 2020: 120.4 cent).

Free Cash Flow

The Group achieved free cash flow of **€222.3m** (H1 2020: €107.0m), reflecting 83% cash conversion in the period. Cash flow and conversion were impacted in the prior period due to COVID-19.

Free Cash Flow	**H1 2021 €'m**	H1 2020 €'m
Trading profit	**357.1**	315.9
Depreciation (net)	**100.8**	101.2
Movement in average working capital	**(27.5)**	(116.4)
Pension contributions paid less pension expense	**(6.0)**	(3.8)
Cash flow from operations	**424.4**	296.9
Finance costs paid (net)	**(21.5)**	(25.1)
Income taxes paid	**(32.1)**	(35.7)
Purchase of non-current assets	**(148.5)**	(129.1)
Free cash flow	**222.3**	107.0
Cash conversion[1]	**83%**	46%

[1]Cash conversion is free cash flow expressed as a percentage of adjusted earnings after taxation.

Balance Sheet

A summary balance sheet as at 30 June 2021 is provided below:

	H1 2021 €'m	H1 2020 €'m	FY 2020 €'m
Property, plant and equipment	**1,918.8**	2,017.2	1,990.6
Intangible assets	**4,443.8**	4,564.1	4,687.1
Other non-current assets	**213.7**	202.2	170.6
Current assets	**3,227.0**	2,991.7	2,594.8
Total assets	**9,803.3**	9,775.2	9,443.1
Current liabilities	**1,918.7**	1,812.5	1,696.3
Non-current liabilities	**2,921.5**	3,454.2	3,091.3
Total liabilities	**4,840.2**	5,266.7	4,787.6
Net assets	**4,963.1**	4,508.5	4,655.5
Shareholders' equity	**4,963.1**	4,508.5	4,655.5

Property, Plant and Equipment

Property, plant and equipment decreased by **€71.8m** to **€1,918.8m** (Dec 2020: €1,990.6m, H1 2020: €2,017.2m) due to the depreciation charge and reclassification of assets to held for sale, partially offset by foreign exchange translation and additions.

Intangible Assets

Intangible assets decreased by **€243.3m** to **€4,443.8m** (Dec 2020: €4,687.1m, H1 2020: €4,564.1m) predominantly due to the reclassification of assets to held for sale and the amortisation charge, partially offset by the impact of foreign exchange translation and the acquisition in the period.

Current Assets

Current assets increased by **€632.2m** to **€3,227.0m** (Dec 2020: €2,594.8m, H1 2020: €2,991.7m), primarily due to assets classified as held for sale of **€523.4m** (Dec 2020: €nil, H1 2020: €nil) and the impact of foreign exchange translation on these assets.

Included in assets held for sale is Kerry's Consumer Foods Meats & Meals business, which the Group reached agreement to sell to Pilgrim's Pride Corporation on 17 June 2021.

Retirement Benefits

At the balance sheet date, the net surplus for all defined benefit schemes (after deferred tax) was **€43.2m** (Dec 2020: €43.6m net deficit, H1 2020: €78.8m net deficit), see note 8 for details. The improvement in the funding position was driven predominantly by both an increase in scheme assets and favourable movements in actuarial assumptions. The main drivers behind the net surplus are an increase in assets driven largely by equity returns and a reduction in liabilities driven by higher discount rates, which has been partially offset by higher inflation.

Total Net Debt

At 30 June 2021, total net debt was **€1,980.6m**. This increase of **€35.5m** relative to December 2020 total net debt of €1,945.1m reflected acquisition investment and dividends, partially offset by cash generated in the period.

Return on Average Capital Employed (ROACE)

The Group achieved ROACE of **10.0%** (Dec 2020: 9.8%, H1 2020: 10.5%) reflective of the increase in profits in the period and the movement in average capital employed.

Liquidity Analysis

The Group's balance sheet is in a strong position. With a Net debt to EBITDA* ratio of 1.9 times, the Group has sufficient headroom to support future growth plans. During the period the Group repaid US$200m of outstanding private placement notes. Following this repayment, the Group now has no financial arrangements that carry financial covenants.

	H1 2021	H1 2020	FY 2020
	Times	Times	Times
Net debt: EBITDA*	**1.9**	2.0	1.9
EBITDA: Net interest*	**14.6**	12.8	13.8

*Calculated on a pro-forma basis as outlined in Financial Definitions section page 28.

Related Party Transactions

There were no changes in related party transactions from the 2020 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

Exchange Rates

Group results are impacted by fluctuations in exchange rates year-on-year versus the euro. The average rates below are the principal rates used for the translation of results. The closing rates below are used to translate assets and liabilities at period end.

	Average Rates		**Closing Rates**		
	H1 2021	H1 2020	**H1 2021**	H1 2020	FY 2020
Australian Dollar	**1.56**	1.68	**1.58**	1.63	1.59
Brazilian Real	**6.51**	5.15	**5.91**	5.92	6.38
British Pound Sterling	**0.87**	0.87	**0.86**	0.90	0.90
Chinese Yuan Renminbi	**7.85**	7.74	**7.72**	7.93	8.03
Malaysian Ringgit	**4.94**	4.65	**4.97**	4.80	4.92
Mexican Peso	**24.31**	23.49	**24.17**	25.40	24.46
Russian Ruble	**90.16**	74.82	**86.71**	77.76	90.68
South African Rand	**17.60**	17.98	**16.98**	19.58	18.02
US Dollar	**1.21**	1.10	**1.19**	1.12	1.23

Principal Risks and Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2020 Annual Report on pages 76 to 82 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, geopolitical/developing markets, business acquisition and divestiture, sustainability/environmental, talent management, food safety, quality & regulations, health & safety, margin management, information security & cybercrime, operational and supply chain continuity, taxation, intellectual property management, and treasury. The Group continues to manage the heightened interdependency on these risks as a result of the continuance of the COVID-19 pandemic. Global supply chains have been challenged as a result of COVID-19, Brexit, and other significant global disruptions. The Group actively manages all risks through its control and risk management process.

Dividend

In line with our dividend strategy, the Board has proposed an interim dividend of **28.5 cent** per share, compared to the prior year interim dividend of 25.9 cent, payable on 12 November 2021 to shareholders registered on the record date 15 October 2021.

Future Prospects

Within Taste & Nutrition, we see strong growth prospects in the retail channel, with continued recovery in foodservice, underpinned by a very good innovation pipeline and strong customer engagement. Our Consumer Foods business has a good growth outlook supported by innovation and the strength of our brands.

We will continue to invest for growth and the enablement of our business model, while pursuing M&A opportunities aligned to our strategic growth priorities.

While recognising the inherent uncertainty that will remain in many regions through the remainder of the year, the Group expects to deliver strong volume growth and we have updated our earnings guidance to reflect our continued confidence and the effect from the strategic portfolio developments as shown in the table below.

FY 2021 Guidance	**Range**
Constant Currency Adjusted EPS guidance – *before estimated impact of transactions*	+12% to 15%
Estimated contribution from Niacet acquisition[1]	c. +1%
Estimated dilution from Consumer Foods Meats & Meals disposal[2]	c. -3%
Constant Currency Adjusted EPS guidance – *post estimated impact of transactions*	**+10% to 13%**

[1] Assuming transaction completes as anticipated at the end of Q3 2021

[2] Assuming transaction completes as anticipated at the beginning of Q4 2021

Note: The effect of translation currency at prevailing rates is expected to be a 2-3% headwind in FY2021

Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland (S.I. No. 277 of 2007) ('the Regulations'), the Transparency Rules of the Central Bank of Ireland 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 2021 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 2021, 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

29 July 2021

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 2021

	Notes	Before Non-Trading Items 30 June 2021 Unaudited €'m	Non-Trading Items 30 June 2021 Unaudited €'m	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Continuing operations						
Revenue	2	**3,582.1**	**-**	**3,582.1**	3,414.0	6,953.4
Trading profit	2	**357.1**	**-**	**357.1**	315.9	797.2
Intangible asset amortisation		**(39.2)**	**-**	**(39.2)**	(33.7)	(70.1)
Non-trading items	3	**-**	**(20.8)**	**(20.8)**	-	(19.4)
Operating profit		**317.9**	**(20.8)**	**297.1**	282.2	707.7
Finance income	4	**0.1**	**-**	**0.1**	0.1	0.2
Finance costs	4	**(34.3)**	**-**	**(34.3)**	(37.4)	(72.6)
Profit before taxation		**283.7**	**(20.8)**	**262.9**	244.9	635.3
Income taxes		**(36.9)**	**1.0**	**(35.9)**	(31.8)	(81.2)
Profit after taxation attributable to owners of the parent		**246.8**	**(19.8)**	**227.0**	213.1	554.1

Earnings per A ordinary share				**Cent**	Cent	Cent
- basic	5			**128.2**	120.4	313.0
- diluted	5			**128.0**	120.3	312.5

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 30 June 2021

	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Profit after taxation attributable to owners of the parent	**227.0**	213.1	554.1
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges	**(0.7)**	18.1	7.9
Cash flow hedges - reclassified to profit or loss from equity	**(1.1)**	(5.2)	2.9
Net change in cost of hedging	**0.3**	0.1	(0.9)
Deferred tax effect of fair value movements on cash flow hedges	**-**	(1.7)	(2.0)
Exchange difference on translation of foreign operations	**98.7**	(116.4)	(282.3)
Fair value movement on revaluation of financial assets held at fair value through other comprehensive income	**-**	(1.3)	(1.3)
Disposal of financial assets fair value movement reclassified to profit or loss	**-**	-	0.7
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement on retirement benefits	**101.6**	(87.9)	(67.0)
Deferred tax effect of re-measurement on retirement benefits	**(19.1)**	17.3	11.8
Net income/(expense) recognised directly in total other comprehensive income	**179.7**	(177.0)	(330.2)
Total comprehensive income	**406.7**	36.1	223.9

Condensed Consolidated Balance Sheet

as at 30 June 2021

	Notes	**30 June 2021 Unaudited €'m**	30 June 2020 Unaudited €'m	31 Dec. 2020 Audited €'m
Non-current assets				
Property, plant and equipment		**1,918.8**	2,017.2	1,990.6
Intangible assets		**4,443.8**	4,564.1	4,687.1
Financial asset investments		**45.9**	39.8	37.0
Investment in joint ventures		**18.6**	16.9	17.8
Other non-current financial instruments		**37.6**	105.9	82.0
Deferred tax assets		**35.8**	39.6	33.8
Retirement benefit assets	8	**75.8**	-	-
		6,576.3	6,783.5	6,848.3
Current assets				
Inventories		**1,117.6**	1,093.4	975.6
Trade and other receivables		**1,182.8**	1,140.5	1,042.0
Cash at bank and in hand	9	**395.0**	736.1	563.1
Other current financial instruments		**8.2**	21.7	14.1
Assets classified as held for sale	7	**523.4**	-	-
		3,227.0	2,991.7	2,594.8
Total assets		**9,803.3**	9,775.2	9,443.1
Current liabilities				
Trade and other payables		**1,731.9**	1,640.8	1,543.3
Borrowings and overdrafts	9	**3.3**	4.6	2.8
Other current financial instruments		**17.8**	9.5	10.0
Tax liabilities		**133.6**	128.7	132.6
Provisions		**7.7**	26.5	5.2
Deferred income		**2.2**	2.4	2.4
Liabilities directly associated with assets classified as held for sale	7	**22.2**	-	-
		1,918.7	1,812.5	1,696.3
Non-current liabilities				
Borrowings	9	**2,342.3**	2,833.8	2,505.8
Other non-current financial instruments		**-**	-	0.5
Retirement benefit obligations	8	**24.5**	98.3	54.4
Other non-current liabilities		**128.4**	147.0	144.9
Deferred tax liabilities		**360.6**	322.8	330.2
Provisions		**47.0**	32.6	36.1
Deferred income		**18.7**	19.7	19.4
		2,921.5	3,454.2	3,091.3
Total liabilities		**4,840.2**	5,266.7	4,787.6
Net assets		**4,963.1**	4,508.5	4,655.5
Issued capital and reserves attributable to owners of the parent				
Share capital	11	**22.1**	22.1	22.1
Share premium		**398.7**	398.7	398.7
Other reserves		**(274.3)**	(216.2)	(379.5)
Retained earnings		**4,816.6**	4,303.9	4,614.2
Shareholders' equity		**4,963.1**	4,508.5	4,655.5

Condensed Consolidated Statement of Changes in Equity
for the half year ended 30 June 2021

	Note	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
At 1 January 2020		22.1	398.7	(119.0)	4,260.4	4,562.2
Profit after taxation attributable to owners of the parent		-	-	-	213.1	213.1
Other comprehensive expense		-	-	(104.7)	(72.3)	(177.0)
Total comprehensive (expense)/income		-	-	(104.7)	140.8	36.1
Dividends paid	6	-	-	-	(97.3)	(97.3)
Share-based payment expense		-	-	7.5	-	7.5
At 30 June 2020 - unaudited		22.1	398.7	(216.2)	4,303.9	4,508.5
Profit after taxation attributable to owners of the parent		-	-	-	341.0	341.0
Other comprehensive (expense)/income		-	-	(168.3)	15.1	(153.2)
Total comprehensive (expense)/income		-	-	(168.3)	356.1	187.8
Dividends paid	6	-	-	-	(45.8)	(45.8)
Share-based payment expense		-	-	5.0	-	5.0
At 31 December 2020 - audited		22.1	398.7	(379.5)	4,614.2	4,655.5
Profit after taxation attributable to owners of the parent		**-**	**-**	**-**	**227.0**	**227.0**
Other comprehensive income		**-**	**-**	**97.2**	**82.5**	**179.7**
Total comprehensive income		**-**	**-**	**97.2**	**309.5**	**406.7**
Dividends paid	6	**-**	**-**	**-**	**(107.1)**	**(107.1)**
Share-based payment expense		**-**	**-**	**8.0**	**-**	**8.0**
At 30 June 2021 - unaudited		**22.1**	**398.7**	**(274.3)**	**4,816.6**	**4,963.1**

Other Reserves comprise the following:

	FVOCI Reserve €'m	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 2020	0.6	1.7	0.3	77.7	(189.7)	(8.2)	(1.4)	(119.0)
Other comprehensive (expense)/income	(1.3)	-	-	-	(116.4)	12.9	0.1	(104.7)
Share-based payment expense	-	-	-	7.5	-	-	-	7.5
At 30 June 2020 - unaudited	(0.7)	1.7	0.3	85.2	(306.1)	4.7	(1.3)	(216.2)
Other comprehensive income/(expense)	0.7	-	-	-	(165.9)	(2.1)	(1.0)	(168.3)
Share-based payment expense	-	-	-	5.0	-	-	-	5.0
At 31 December 2020 - audited	-	1.7	0.3	90.2	(472.0)	2.6	(2.3)	(379.5)
Other comprehensive income/(expense)	**-**	**-**	**-**	**-**	**98.7**	**(1.8)**	**0.3**	**97.2**
Share-based payment expense	**-**	**-**	**-**	**8.0**	**-**	**-**	**-**	**8.0**
At 30 June 2021 - unaudited	**-**	**1.7**	**0.3**	**98.2**	**(373.3)**	**0.8**	**(2.0)**	**(274.3)**

Condensed Consolidated Statement of Cash Flows

for the half year ended 30 June 2021

	Notes	**Half year ended 30 June 2021 Unaudited €'m**	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Operating activities				
Trading profit		**357.1**	315.9	797.2
Adjustments for:				
Depreciation (net)		**100.8**	101.2	200.7
Change in working capital		**(143.6)**	(197.9)	(108.7)
Pension contributions paid less pension expense		**(6.0)**	(3.8)	(23.4)
Payments on non-trading items		**(7.2)**	(25.3)	(39.7)
Exchange translation adjustment		**0.4**	2.2	(4.6)
Cash generated from operations		**301.5**	192.3	821.5
Income taxes paid		**(32.1)**	(35.7)	(74.7)
Finance income received		**0.1**	0.1	0.2
Finance costs paid		**(21.6)**	(25.2)	(74.8)
Net cash from operating activities		**247.9**	131.5	672.2
Investing activities				
Purchase of assets (net)		**(136.3)**	(111.4)	(276.2)
Proceeds from the sale of assets		**3.6**	-	7.7
Capital grants received		**-**	-	0.1
Purchase of businesses (net of cash acquired)	10	**(24.6)**	(30.8)	(251.1)
Purchase of investments		**(4.2)**	-	-
Payments relating to previous acquisitions		**(10.8)**	(3.8)	(7.5)
Income received from joint ventures		**-**	0.7	-
Net cash used in investing activities		**(172.3)**	(145.3)	(527.0)
Financing activities				
Dividends paid	6	**(107.1)**	(97.3)	(143.1)
Payment of lease liabilities		**(15.8)**	(17.7)	(37.0)
Issue of share capital	11	**-**	-	-
Repayment of borrowings (net of swaps)		**(134.4)**	(141.2)	(391.1)
Increase in borrowings		**-**	463.6	462.9
Net cash movement due to financing activities		**(257.3)**	207.4	(108.3)
Net (decrease)/increase in cash and cash equivalents		**(181.7)**	193.6	36.9
Cash and cash equivalents at beginning of the period		560.3	549.7	549.7
Exchange translation adjustment on cash and cash equivalents		**13.1**	(11.8)	(26.3)
Cash and cash equivalents at end of the period	9	**391.7**	731.5	560.3

Reconciliation of Net Cash Flow to Movement in Net Debt				
Net (decrease)/increase in cash and cash equivalents		**(181.7)**	193.6	36.9
Cash flow from debt financing		**134.4**	(322.4)	(71.8)
Changes in net debt resulting from cash flows		**(47.3)**	(128.8)	(34.9)
Fair value movement on interest rate swaps (net of adjustment to borrowings)		**0.9**	8.2	7.6
Exchange translation adjustment on net debt		**(3.0)**	(13.0)	26.5
Movement in net debt in the period		**(49.4)**	(133.6)	(0.8)
Net debt at beginning of the period		(1,863.6)	(1,862.8)	(1,862.8)
Net debt at end of the period - pre lease liabilities		**(1,913.0)**	(1,996.4)	(1,863.6)
Lease liabilities		**(67.6)**	(88.6)	(81.5)
Total net debt* at end of the period	9	**(1,980.6)**	(2,085.0)	(1,945.1)

*Prior period, 30 June 2020, has been re-presented to include lease liabilities in total net debt.

1. Accounting policies

These Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2021 have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' and using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union. The accounting policies applied by the Group in these Condensed Consolidated Interim Financial Statements are the same as those detailed in the 2020 Annual Report except for a new accounting policy in respect of 'Assets classified as held for sale' for the half year ended 30 June 2021 outlined below.

Assets classified as held for sale
Assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if, at the financial period end, the sale is highly probable, the asset is available for immediate sale in its present condition, management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Critical accounting estimates and judgements
The preparation of the Group Condensed Consolidated Interim Financial Statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

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 2020 except for the new judgement in respect of 'Assets classified as held for sale' for the half year ended 30 June 2021 outlined below.

Assets classified as held for sale
On 17 June 2021, the Group reached an agreement to sell its Consumer Foods’ Meats and Meals business in the UK and Ireland to Pilgrim’s Pride Corporation. This transaction has been approved by the Competition and Markets Authority in the UK in July 2021, and subject to the Competition Authority of Ireland approval, the Group expects that the sale will be completed in the fourth quarter of 2021. In addition, the Group also reached agreement to sell non-core assets located in the UK and Poland. Therefore, in line with the requirements of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', where the carrying value of an asset will be recovered principally through a sale transaction rather than through continuing use, the associated assets and liabilities have been classified as held for sale on the Condensed Consolidated Balance Sheet. This treatment is in compliance with the requirement for any assets and liabilities classified as held for sale to be immediately available for sale, the sale should be highly probable and expected to be completed within the next 12 months.

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 including the impact of the current COVID-19 pandemic. Due to the uncertainty of the ongoing duration and impact of the pandemic on mobility restrictions in different countries around the world, additional stressed scenarios, reflecting different levels and timing of recovery, have been considered. In these scenarios, the Group has sufficient resources and liquidity headroom. 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 plans as set out in the rolling five year 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.

The following Standards and Interpretations are effective for the Group from 1 January 2021 but do not have a material effect on the results or financial position of the Group:		***Effective Date***
- IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2	1 January 2021

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:		***Effective Date***
- IFRS 16 (Amendments)	COVID-19-related Rent Concessions beyond 30 June 2021	1 April 2021
- IFRS 17	Insurance Contracts	1 January 2023

2. Analysis of results

The Group has determined it has two reportable segments: Taste & Nutrition and Consumer Foods. The Taste & Nutrition segment is the global leader in taste and nutrition, serving the food, beverage and pharmaceutical industries across Ireland, Europe, Americas and APMEA. Our broad technology foundation, customer-centric business model, and industry-leading integrated solutions capability make Kerry the co-creation partner of choice. The Consumer Foods segment is a leader in our consumer foods categories in the chilled cabinet primarily in Ireland and in the UK.

	Half year ended 30 June 2021 - Unaudited				Half year ended 30 June 2020 - Unaudited				Year ended 31 December 2020 - Audited			
	Taste & Nutrition €'m	**Consumer Foods €'m**	**Group Eliminations and Unallocated €'m**	**Total €'m**	Taste & Nutrition €'m	Consumer Foods €'m	Group Eliminations and Unallocated €'m	Total €'m	Taste & Nutrition €'m	Consumer Foods €'m	Group Eliminations and Unallocated €'m	Total €'m
External revenue	**2,910.0**	**672.1**	**-**	**3,582.1**	2,770.1	643.9	-	3,414.0	5,678.4	1,275.0	-	6,953.4
Inter-segment revenue	**28.6**	**2.1**	**(30.7)**	**-**	28.5	2.7	(31.2)	-	74.8	3.6	(78.4)	-
Revenue	**2,938.6**	**674.2**	**(30.7)**	**3,582.1**	2,798.6	646.6	(31.2)	3,414.0	5,753.2	1,278.6	(78.4)	6,953.4
Trading profit	**364.4**	**48.6**	**(55.9)**	**357.1**	324.8	45.1	(54.0)	315.9	814.2	99.2	(116.2)	797.2
Intangible asset amortisation				**(39.2)**				(33.7)				(70.1)
Non-trading items				**(20.8)**				-				(19.4)
Operating profit				**297.1**				282.2				707.7
Finance income				**0.1**				0.1				0.2
Finance costs				**(34.3)**				(37.4)				(72.6)
Profit before taxation				**262.9**				244.9				635.3
Income taxes				**(35.9)**				(31.8)				(81.2)
Profit after taxation attributable to owners of the parent				**227.0**				213.1				554.1

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 and 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 2021 - Unaudited			Half year ended 30 June 2020 - Unaudited			Year ended 31 December 2020 - Audited		
	Taste & Nutrition €'m	**Consumer Foods €'m**	**Total €'m**	Taste & Nutrition €'m	Consumer Foods €'m	Total €'m	Taste & Nutrition €'m	Consumer Foods €'m	Total €'m
Food	**2,008.7**	**672.1**	**2,680.8**	1,944.0	643.9	2,587.9	3,974.6	1,275.0	5,249.6
Beverage	**757.1**	**-**	**757.1**	680.1	-	680.1	1,407.1	-	1,407.1
Pharma	**144.2**	**-**	**144.2**	146.0	-	146.0	296.7	-	296.7
External revenue	**2,910.0**	**672.1**	**3,582.1**	2,770.1	643.9	3,414.0	5,678.4	1,275.0	6,953.4

Analysis by primary geographic market
Disaggregation of revenue from external customers is analysed by geographical split:

	Half year ended 30 June 2021 - Unaudited			Half year ended 30 June 2020 - Unaudited			Year ended 31 December 2020 - Audited		
	Taste & Nutrition €'m	**Consumer Foods €'m**	**Total €'m**	Taste & Nutrition €'m	Consumer Foods €'m	Total €'m	Taste & Nutrition €'m	Consumer Foods €'m	Total €'m
Republic of Ireland	**93.3**	**150.5**	**243.8**	79.5	142.5	222.0	171.1	262.2	433.3
Rest of Europe	**628.8**	**521.6**	**1,150.4**	577.7	501.4	1,079.1	1,204.0	1,012.8	2,216.8
Americas	**1,542.0**	**-**	**1,542.0**	1,546.5	-	1,546.5	3,085.4	-	3,085.4
APMEA	**645.9**	**-**	**645.9**	566.4	-	566.4	1,217.9	-	1,217.9
External revenue	**2,910.0**	**672.1**	**3,582.1**	2,770.1	643.9	3,414.0	5,678.4	1,275.0	6,953.4

The accounting policies of the reportable segments are the same as those detailed in the Statement of accounting policies in the 2020 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.

3. Non-trading items

	Notes	**Half year ended 30 June 2021 Unaudited €'m**	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Acquisition related and other costs	(i)	**(5.5)**	-	(13.1)
Global Business Services	(ii)	**(13.0)**	-	(4.4)
Loss on disposal of businesses and assets	(iii)	**(2.3)**	-	(1.9)
		(20.8)	-	(19.4)
Tax on above		**1.0**	-	3.9
Non-trading items (net of tax)		**(19.8)**	-	(15.5)

(i) Acquisition related and other costs
These costs reflect 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 2020: €nil; 31 December 2020: €3.0m) arose due to tax deductions available on acquisition related and other costs.

(ii) Global Business Services
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 2021, these costs reflect consultancy fees, redundancies, relocation of resources and the streamlining of operations. The associated tax credit was **€0.4m** (30 June 2020: €nil; 31 December 2020: €0.5m).

(iii) Loss on disposal of businesses and assets
During the period, the Group disposed of property, plant and equipment primarily in North America and Europe for a consideration of **€3.6m** resulting in a loss of **€2.3m** for the period ended 30 June 2021. During 2020, the Group disposed of property, plant and equipment primarily in North America, Europe and APMEA for a consideration of €2.4m resulting in a loss of €1.9m.

A tax credit of **€0.5m** (30 June 2020: €nil; 31 December 2020: a tax credit of €0.4m) arose on the disposal of businesses and assets.

There were no impairments of assets held for sale recorded in the period.

4. Finance income and costs

	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Finance income:			
Interest income on deposits	**0.1**	0.1	0.2
Finance costs:			
Interest payable	**(35.2)**	(36.9)	(73.5)
Interest rate derivative	**1.3**	(0.5)	0.9
	(33.9)	(37.4)	(72.6)
Net interest cost on retirement benefit obligations	**(0.4)**	-	-
Finance costs	**(34.3)**	(37.4)	(72.6)

5. Earnings per A ordinary share

	Half year ended 30 June 2021 Unaudited EPS Cent	**€'m**	Half year ended 30 June 2020 Unaudited EPS Cent	€'m	Year ended 31 Dec. 2020 Audited EPS Cent	€'m
Basic earnings per share						
Profit after taxation attributable to owners of the parent	**128.2**	**227.0**	120.4	213.1	313.0	554.1
Diluted earnings per share						
Profit after taxation attributable to owners of the parent	**128.0**	**227.0**	120.3	213.1	312.5	554.1

Number of Shares	**30 June 2021 Unaudited m's**	30 June 2020 Unaudited m's	31 Dec. 2020 Audited m's
Basic weighted average number of shares	**177.1**	176.9	177.0
Impact of share options outstanding	**0.3**	0.2	0.3
Diluted weighted average number of shares	**177.4**	177.1	177.3

6. Dividends

	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Amounts recognised as distributions to equity shareholders in the period			
Final 2020 dividend of **60.60 cent** per A ordinary share paid 14 May 2021 (Final 2019 dividend of 55.10 cent per A ordinary share paid 15 May 2020)	**107.1**	97.3	97.3
Interim 2020 dividend of 25.90 cent per A ordinary share paid 13 November 2020	**-**	-	45.8
	107.1	97.3	143.1

Since the end of the period, the Board has proposed an interim dividend of **28.50 cent** per A ordinary share which amounts to €50.4m. The payment date for the interim dividend will be 12 November 2021 to shareholders registered on the record date as at 15 October 2021. These Condensed Consolidated Interim Financial Statements do not reflect this dividend.

7. Assets classified as held for sale

On 17 June 2021, the Group reached an agreement to sell its Consumer Foods' Meats and Meals business in the UK and Ireland to Pilgrim's Pride Corporation for a cash consideration of approximately €819m. This transaction has been approved by the Competition and Markets Authority in the UK in July 2021, and subject to the Competition Authority of Ireland approval, the Group expects that the sale will be completed in the fourth quarter of 2021. The proceeds from the sale will be used for the proposed acquisition of Niacet for approximately €853m (see notes 9 and 10). During the period to 30 June 2021, the Group also reached agreement to sell non-core assets located in the UK and Poland. The associated assets and liabilities for these transactions have consequently been presented separately as assets held for sale in the financial statements for the period to 30 June 2021.

The disposal proceeds are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of these businesses and assets as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale are outlined in the table below. The Group did not have any assets classified as held for sale in 2020.

	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Unaudited €'m
Property, plant and equipment	**127.2**	-	-
Intangible assets	**312.6**	-	-
Inventories	**46.4**	-	-
Trade and other receivables	**37.2**	-	-
Total assets classified as held for sale	**523.4**	-	-
Trade and other payables	**(22.2)**	-	-
Total liabilities directly associated with assets classified as held for sale	**(22.2)**	-	-
Net assets classified as held for sale*	**501.2**	-	-

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

8. Retirement benefits

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 2021 Unaudited €'m	**Schemes in Deficit Half year ended 30 June 2021 Unaudited €'m**	**Total Half year ended 30 June 2021 Unaudited €'m**	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Net recognised surplus/(deficit) in plans before deferred tax	**75.8**	**(24.5)**	**51.3**	(98.3)	(54.4)
Net related deferred tax (liability)/asset	**(13.0)**	**4.9**	**(8.1)**	19.5	10.8
Net recognised surplus/(deficit) in plans after deferred tax	**62.8**	**(19.6)**	**43.2**	(78.8)	(43.6)

At 30 June 2021, the net surplus/(deficit) before deferred tax for defined benefit post-retirement schemes was **€51.3m** (30 June 2020: (€98.3m); 31 December 2020: (€54.4m)). This was calculated by rolling forward the defined benefit post-retirement schemes' liabilities at 31 December 2020 to reflect material movements in underlying assumptions over the period while the defined benefit post-retirement schemes' assets at 30 June 2021 are measured at market value. The improvement in the funding position before deferred tax of €105.7m was driven by both an increase in scheme assets and favourable movements in actuarial assumptions. The main drivers behind the net surplus are an increase in assets driven largely by equity returns and a reduction in liabilities driven by higher discount rates, which has been partially offset by higher inflation.

9. 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	**-**	**-**	**37.6**	**-**	**37.6**
Cash at bank and in hand	**395.0**	**-**	**-**	**-**	**395.0**
	395.0	**-**	**37.6**	**-**	**432.6**
Liabilities:					
Bank overdrafts	**(3.3)**	**-**	**-**	**-**	**(3.3)**
Bank loans	**-**	**-**	**-**	**-**	**-**
Senior notes	**(2,326.5)**	**(15.8)**	**-**	**-**	**(2,342.3)**
Borrowings and overdrafts	**(2,329.8)**	**(15.8)**	**-**	**-**	**(2,345.6)**
Net debt - pre lease liabilities	**(1,934.8)**	**(15.8)**	**37.6**	**-**	**(1,913.0)**
Lease liabilities	**(67.6)**	**-**	**-**	**-**	**(67.6)**
Total net debt at 30 June 2021 - unaudited	**(2,002.4)**	**(15.8)**	**37.6**	**-**	**(1,980.6)**
Assets:					
Interest rate swaps	-	-	105.9	-	105.9
Cash at bank and in hand	736.1	-	-	-	736.1
	736.1	-	105.9	-	842.0
Liabilities:					
Bank overdrafts	(4.6)	-	-	-	(4.6)
Bank loans	(250.0)	-	-	-	(250.0)
Senior notes	(2,544.6)	(39.2)	-	-	(2,583.8)
Borrowings and overdrafts	(2,799.2)	(39.2)	-	-	(2,838.4)
Net debt - pre lease liabilities	(2,063.1)	(39.2)	105.9	-	(1,996.4)
Lease liabilities	(88.6)	-	-	-	(88.6)
Total net debt at 30 June 2020 - unaudited*	(2,151.7)	(39.2)	105.9	-	(2,085.0)
Assets:					
Interest rate swaps	-	-	81.9	-	81.9
Cash at bank and in hand	563.1	-	-	-	563.1
	563.1	-	81.9	-	645.0
Liabilities:					
Bank overdrafts	(2.8)	-	-	-	(2.8)
Bank loans	-	-	-	-	-
Senior notes	(2,472.1)	(33.7)	-	-	(2,505.8)
Borrowings and overdrafts	(2,474.9)	(33.7)	-	-	(2,508.6)
Net debt - pre lease liabilities	(1,911.8)	(33.7)	81.9	-	(1,863.6)
Lease liabilities	(81.5)	-	-	-	(81.5)
Total net debt at 31 December 2020 - audited	(1,993.3)	(33.7)	81.9	-	(1,945.1)

*Prior period, 30 June 2020, has been re-presented to include lease liabilities in total net debt.

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.

As at 30 June 2021, part of the Group's debt portfolio includes US$750m of senior notes issued in 2013, maturing in 2023 (the 2023 senior notes). At the time of issuance, US$250m of the 2023 senior notes were swapped, using cross currency swaps, to euro. The remaining senior notes issued in 2010 (private placement notes) were repaid in full in June 2021 and the related swaps also matured on those dates. In addition, the Group holds €750m of senior notes issued in 2015 (the 2025 senior notes), of which €175m were swapped, using cross currency swaps, to US dollar. No interest rate derivatives were entered into for the September 2019 €750m senior notes issuance (the 2029 senior notes) or for the €200m of senior notes issued in 2020 as a tap onto the 2025 senior notes.

The adjustment to senior notes classified under liabilities at fair value through profit or loss of **€15.8m** (30 June 2020: €39.2m; 31 December 2020: €33.7m) 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.

9. 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 (including lease liabilities):

	Total Pre CCS Half year ended 30 June 2021 Unaudited €'m	**Impact of CCS Half year ended 30 June 2021 Unaudited €'m**	**Total after CCS Half year ended 30 June 2021 Unaudited €'m**	Half year ended 30 June 2020* Unaudited €'m	Year ended 31 Dec. 2020 Audited €'m
Euro	**(1,648.5)**	**(34.5)**	**(1,683.0)**	(1,663.2)	(1,717.8)
Sterling	**109.3**	**-**	**109.3**	54.7	78.2
US Dollar	**(500.7)**	**34.5**	**(466.2)**	(520.2)	(387.5)
Other	**59.3**	**-**	**59.3**	43.7	82.0
	(1,980.6)	**-**	**(1,980.6)**	(2,085.0)	(1,945.1)

*Prior period, 30 June 2020, has been re-presented to include lease liabilities, which are included under floating rate debt.

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	**395.0**	**-**	**-**	**-**	**395.0**
Interest rate swaps	**-**	**19.8**	**17.8**	**-**	**37.6**
Bank overdrafts	**(3.3)**	**-**	**-**	**-**	**(3.3)**
Bank loans	**-**	**-**	**-**	**-**	**-**
Senior notes	**-**	**(634.7)**	**(967.1)**	**(740.5)**	**(2,342.3)**
Net debt - pre lease liabilities	**391.7**	**(614.9)**	**(949.3)**	**(740.5)**	**(1,913.0)**
Lease liabilities (discounted)	**(28.9)**	**(14.8)**	**(18.5)**	**(5.4)**	**(67.6)**
At 30 June 2021 - unaudited	**362.8**	**(629.7)**	**(967.8)**	**(745.9)**	**(1,980.6)**
Cash at bank and in hand	736.1	-	-	-	736.1
Interest rate swaps	-	33.2	63.2	9.5	105.9
Bank overdrafts	(4.6)	-	-	-	(4.6)
Bank loans	-	-	(250.0)	-	(250.0)
Senior notes	-	(117.9)	(758.5)	(1,707.4)	(2,583.8)
Net debt - pre lease liabilities	731.5	(84.7)	(945.3)	(1,697.9)	(1,996.4)
Lease liabilities (discounted)	(17.2)	(26.7)	(36.9)	(7.8)	(88.6)
At 30 June 2020 - unaudited*	714.3	(111.4)	(982.2)	(1,705.7)	(2,085.0)
Cash at bank and in hand	563.1	-	-	-	563.1
Interest rate swaps	-	21.9	60.0	-	81.9
Bank overdrafts	(2.8)	-	-	-	(2.8)
Bank loans	-	-	-	-	-
Senior notes	-	(106.2)	(1,659.7)	(739.9)	(2,505.8)
Net debt - pre lease liabilities	560.3	(84.3)	(1,599.7)	(739.9)	(1,863.6)
Lease liabilities (discounted)	(27.0)	(20.6)	(26.6)	(7.3)	(81.5)
At 31 December 2020 - audited	533.3	(104.9)	(1,626.3)	(747.2)	(1,945.1)

*Prior period, 30 June 2020, has been re-presented to include lease liabilities in total net debt.

During the period under review the Group undertook three notable financing events, all of which were completed in June:
- The Group repaid US$200m of outstanding private placement notes, being Tranche C US$125m and Tranche D US$75m of the 2010 Senior notes. As noted in the Kerry Group Annual Report 2020, the US$200m of private placement notes were swapped at the time of issuance from US dollar fixed rate to euro floating rate using cross currency interest rate swaps and were closed out at the time of the repayment. The net cash outflow was funded from existing cash resources of the Group. Following repayment of the private placement notes, the Group has no borrowings that carry financial covenants.
- The Group entered into a dedicated bridge facility for US$1,000m for the proposed acquisition of Niacet (approximately €853m). This facility will be drawn on the expected closure of the acquisition in Q3 2021 and will be repaid predominantly out of the proceeds from the sale of the Consumer Foods Meats and Meals business announced on 17 June 2021, for approximately €819m, which is expected to complete in Q4 2021.
- The Group exercised the second of the two 'plus one' extension options on its €1,100m revolving credit facility to extend the maturity date of this facility for the full €1,100m to June 2026. As part of this process the Group amended and restated the facility agreement to allow for IBOR replacement language. This amendment to immediately adopt SONIA for GBP loans and to allow for switch language for US Dollars at a future date has no commercial impact on the Group.

At 30 June 2021, the Group had cash on hand of €395m. At the period end, the Group had undrawn committed bank facilities of €1,940m comprising the €1,100m revolving credit facility and the US$1,000m (€840m) bridge facility noted above.

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).

9. Financial instruments (continued)

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

		Fair Value Hierarchy	**30 June 2021 Unaudited €'m**	30 June 2020 Unaudited €'m	31 Dec. 2020 Audited €'m
Financial assets					
Interest rate swaps:	Non-current	Level 2	**37.6**	105.9	81.9
	Current	Level 2	**-**	-	-
Forward foreign exchange contracts:	Non-current	Level 2	**-**	-	0.1
	Current	Level 2	**8.2**	21.7	14.1
Financial asset investments:	Fair value through profit or loss	Level 1	**41.7**	36.8	37.0
	Fair value through other comprehensive income	Level 3	**4.2**	3.0	-
Financial liabilities					
Forward foreign exchange contracts:	Non-current	Level 2	**-**	-	(0.5)
	Current	Level 2	**(17.8)**	(9.5)	(10.0)

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 2021 Unaudited €'m**	**Fair Value 30 June 2021 Unaudited €'m**	Carrying Amount 30 June 2020 Unaudited €'m	Fair Value 30 June 2020 Unaudited €'m	Carrying Amount 31 Dec. 2020 Audited €'m	Fair Value 31 Dec. 2020 Audited €'m
Financial liabilities							
Senior notes - Public	Level 2	**(2,326.5)**	**(2,431.9)**	(2,366.1)	(2,464.4)	(2,309.1)	(2,466.9)
Senior notes - Private	Level 2	**-**	**-**	(178.5)	(195.1)	(163.0)	(177.3)
		(2,326.5)	**(2,431.9)**	(2,544.6)	(2,659.5)	(2,472.1)	(2,644.2)

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**	**Total Net Debt** €'m**
At 31 December 2019 - audited	554.9	128.4	(5.2)	(185.6)	(2,355.3)	(1,862.8)	(109.4)	(1,972.2)
Cash flows	193.1	(45.4)	0.5	185.3	(462.3)	(128.8)	17.7	(111.1)
Foreign exchange adjustments	(11.9)	-	0.1	-	(1.2)	(13.0)	2.8	(10.2)
Other non-cash movements	-	22.9	-	0.3	(15.0)	8.2	0.3	8.5
At 30 June 2020 - unaudited	736.1	105.9	(4.6)	-	(2,833.8)	(1,996.4)	(88.6)	(2,085.0)
Cash flows	(158.3)	(0.1)	1.6	-	250.7	93.9	19.3	113.2
Foreign exchange adjustments	(14.7)	(20.1)	0.2	-	74.1	39.5	5.0	44.5
Other non-cash movements	-	(3.8)	-	-	3.2	(0.6)	(17.2)	(17.8)
At 31 December 2020 - audited	563.1	81.9	(2.8)	-	(2,505.8)	(1,863.6)	(81.5)	(1,945.1)
Cash flows	**(181.2)**	**(39.3)**	**(0.5)**	**-**	**173.7**	**(47.3)**	**15.8**	**(31.5)**
Foreign exchange adjustments	**13.1**	**3.4**	**-**	**-**	**(19.5)**	**(3.0)**	**(2.4)**	**(5.4)**
Other non-cash movements	**-**	**(8.4)**	**-**	**-**	**9.3**	**0.9**	**0.5**	**1.4**
At 30 June 2021 - unaudited	**395.0**	**37.6**	**(3.3)**	**-**	**(2,342.3)**	**(1,913.0)**	**(67.6)**	**(1,980.6)**

*Liabilities from financing activities.

**Prior period, 30 June 2020, has been re-presented to include lease liabilities in total net debt.

10. Business combinations

During the period to 30 June 2021, the Group completed one acquisition (which is 100% owned by the Group) and executed three others as outlined in the table below.

Acquisition	Type	Status	Principal activity	Strategic rationale
National Vinegar Co.	Asset	Completed in May 2021	A producer of speciality ingredients based in the USA.	Further supports the Group's growth initiatives in food protection and natural preservation.
Biosearch, S.A.	Equity	Completed in July 2021	A leading biotechnology company based in Spain with an extensive range of probiotics, botanical extracts and omega-3 oils.	Brings leading clinical research capabilities and functional food technologies across the pharmaceutical, nutraceutical and functional food sectors.
Hare Topco, Inc. (trading as Niacet Corp.)	Equity	Signed - expected to close Q3 2021	A global market leader in technologies for preservation. It has clear leadership positions in Bakery, Pharma, and cost-effective low-sodium preservation systems for Meat and plant based food, across both conventional and clean label solutions. Niacet is differentiated by its proprietary drying and granulation process technologies, with key manufacturing sites in the USA and the Netherlands, with customers in over 75 countries.	Brings a complementary product portfolio and enhances the Group's leadership position in this fast growing market of food protection and preservatives, led by the industry drive to reduce food waste.
Natreon, Inc.	Equity	Signed - expected to close Q3 2021	Leading capability in Ayurvedic and botanical extracts, with facilities in the USA and India.	Brings a portfolio of clinically backed branded ingredients across the need states of cognition and healthy ageing.

In the period, the total consideration for National Vinegar Co. was **€24.6m**, and as no cash was acquired, the cash outflow was **€24.6m**. There was no deferred element recognised. Transaction expenses related to this acquisition were charged against non-trading items in the Group's Condensed Consolidated Income Statement during the period and represented less than one percent of the total consideration.

The provisional fair value of net assets acquired before combination were **€18.1m** and the Group recognised goodwill on this acquisition of **€6.5m**. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, these values are determined provisionally. 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. The goodwill recognised of **€6.5m** is expected to be deductible for income tax purposes.

The acquisition method of accounting has been used to consolidate the business acquired in the Group's Condensed Consolidated Interim Financial Statements. Due to the fact that this acquisition was recently completed, the revenue and results included in the Group's reported figures are not material. For the acquisitions completed in 2020, to date, there have been no material revisions of the provisional fair value adjustments since the initial values were established.

On 8 July 2021, the Group completed the previously announced acquisition of Biosearch, S.A. ('Biosearch Life') by way of public tender offer for total consideration of **€126.9m**. An initial assessment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of this transaction.

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'. As a result, the acquisitions completed during the period were not considered material to warrant detailed separate disclosure in line with IFRS 3 requirements.

11. Share capital

	Half year ended 30 June 2021 Unaudited €'m	Half year ended 30 June 2020 Unaudited €'m	Year ended 31 Dec. 2020 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 **117,292** 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 2021 was **176,817,328** (30 June 2020: 176,681,437; 31 December 2020: 176,700,036).

12. Events after the balance sheet date

Since the period end, the Group has:

- completed the previously announced acquisition of Biosearch, S.A. ('Biosearch Life'), based in Spain, on 8 July 2021 by way of public tender offer for total consideration of **€126.9m**. Biosearch Life is a leading biotechnology company focused on providing innovative solutions for the pharmaceutical, nutraceutical and functional food sectors; and
- proposed an interim dividend of **28.50 cent** per A ordinary share (see note 6).

There have been no other significant events, outside of the ordinary course of business, affecting the Group since 30 June 2021.

13. General information

These unaudited Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2021 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 29 July 2021. The figures disclosed relating to 31 December 2020 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 2020 Annual Report which was prepared in accordance with International Financial Reporting Standards ('IFRS') and the International Financial Reporting Interpretations Committee ('IFRIC') and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. 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.

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 medium term plans as set out in the rolling five year 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, trading profit is lower in the first half of the year due to the nature of the food business and stronger trading in the fourth quarter. 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.kerrygroup.com. However, if a physical copy is required, please contact the Corporate Affairs department.

FINANCIAL DEFINITIONS

1. Revenue
Volume performance
This represents the sales performance period-on-period, excluding pass-through pricing on raw material costs, currency impacts, acquisitions (net of disposals) and rationalisation volumes.

Volume performance is an important metric as it is seen as the key driver of top-line business improvement. This is used as the key revenue metric, as Kerry operates a pass-through pricing model with its customers to cater for raw material price fluctuations. Pricing therefore impacts like-for-like revenue performance positively or negatively depending on whether raw material prices move up or down. A full reconciliation to reported revenue performance is detailed in the revenue reconciliation below.

Revenue Reconciliation

H1 2021	Volume performance	Price	Transaction currency	Acquisitions/ Disposals	Translation currency	Reported revenue performance
Taste & Nutrition	9.8%	0.5%	(0.1%)	1.1%	(6.3%)	**5.0%**
Consumer Foods	4.6%	0.4%	(0.2%)	-	(0.5%)	**4.3%**
Group	9.0%	0.5%	(0.1%)	0.9%	(5.4%)	**4.9%**
H1 2020						
Taste & Nutrition	(5.6%)	0.1%	-	1.4%	0.1%	(4.0%)
Consumer Foods	(7.8%)	1.7%	(0.1%)	-	-	(6.2%)
Group	(6.0%)	0.4%	-	1.2%	0.1%	(4.3%)

2. EBITDA
EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation and non-trading items.

	H1 2021 €'m	H1 2020 €'m
Profit after taxation attributable to owners of the parent	**227.0**	213.1
Finance income	**(0.1)**	(0.1)
Finance costs	**34.3**	37.4
Income taxes	**35.9**	31.8
Non-trading items	**20.8**	-
Intangible asset amortisation	**39.2**	33.7
Depreciation (net of capital grant amortisation)	**100.8**	101.2
EBITDA	**457.9**	417.1

3. Trading Profit
Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading profit represents operating profit before specific items that are not reflective of underlying trading performance and therefore hinder comparison of the trading performance of the Group's businesses, either period-on-period or with other businesses.

	H1 2021 €'m	H1 2020 €'m
Operating profit	**297.1**	282.2
Intangible asset amortisation	**39.2**	33.7
Non-trading items	**20.8**	-
Trading profit	**357.1**	315.9

4. Trading Margin
Trading margin represents trading profit, expressed as a percentage of revenue.

	H1 2021 €'m	H1 2020 €'m
Trading profit	**357.1**	315.9
Revenue	**3,582.1**	3,414.0
Trading margin	**10.0%**	9.3%

5. Operating Profit
Operating profit is profit before income taxes, finance income and finance costs.

	H1 2021 €'m	H1 2020 €'m
Profit before taxation	**262.9**	244.9
Finance income	**(0.1)**	(0.1)
Finance costs	**34.3**	37.4
Operating profit	**297.1**	282.2

FINANCIAL DEFINITIONS (continued)

6. Adjusted Earnings Per Share and Growth in Adjusted Earnings Per Share on a Constant Currency Basis
The growth 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 owners 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 growth 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 and includes the impact of retranslating the prior period at current period average exchange rates.

	H1 2021 EPS cent	**Growth %**	H1 2020 EPS cent	Growth %
Basic earnings per share	**128.2**	**6.5%**	120.4	(11.1%)
Brand related intangible asset amortisation	**12.6**	**-**	11.7	-
Non-trading items (net of related tax)	**11.2**	**-**	-	-
Adjusted earnings per share	**152.0**	**15.1%**	132.1	(19.5%)
Impact of retranslating prior period adjusted earnings per share at current period average exchange rates*		**9.0%**		(0.3%)
Growth in adjusted earnings per share on a constant currency basis		**24.1%**		(19.8%)

*Impact of H1 2021 translation was 11.9/132.1 cent = 9.0% (H1 2020: (0.3%)).

7. Free Cash Flow
Free cash flow is trading profit plus depreciation, movement in average working capital, capital expenditure, payment of lease liabilities, pensions costs 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 12 months. Below is a reconciliation of free cash flow to the nearest IFRS measure, which is 'Net cash from operating activities'.

	H1 2021 €'m	H1 2020 €'m
Net cash from operating activities	**247.9**	131.5
Difference between movement in monthly average working capital and movement in the period end working capital	**116.1**	81.5
Payments on non-trading items	**7.2**	25.3
Purchase of assets	**(136.3)**	(111.4)
Payment of lease liabilities	**(15.8)**	(17.7)
Proceeds from the sale of property, plant and equipment	**3.6**	-
Capital grants received	**-**	-
Exchange translation adjustment	**(0.4)**	(2.2)
Free cash flow	**222.3**	107.0

8. Cash Conversion
Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after taxation.

	H1 2021 €'m	H1 2020 €'m
Free cash flow	**222.3**	107.0
Profit after taxation attributable to owners of the parent	**227.0**	213.1
Brand related intangible asset amortisation	**22.4**	20.6
Non-trading items (net of related tax)	**19.8**	-
Adjusted earnings after taxation	**269.2**	233.7
Cash conversion	**83%**	46%

9. 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 2021 Times	H1 2020 Times
Net debt: EBITDA	**1.9**	2.0
EBITDA: Net interest	**14.6**	12.8

FINANCIAL DEFINITIONS (continued)

10. Total Net Debt

Total net debt comprises borrowings and overdrafts, interest rate derivative financial instruments, lease liabilities and cash at bank and in hand. See full reconciliation of total net debt in note 9 of these Condensed Consolidated Interim Financial Statements.

11. Average Capital Employed

Average capital employed is calculated by taking an average of the shareholders' equity and net debt - pre lease liabilities over the last three reported balance sheets plus an additional €527.8m relating to goodwill written off to reserves pre conversion to IFRS.

	H1 2021 €'m	2020 €'m	H1 2020 €'m	2019 €'m	H1 2019 €'m
Shareholders' equity	**4,963.1**	4,655.5	4,508.5	4,562.2	4,186.5
Goodwill amortised (pre conversion to IFRS)	**527.8**	527.8	527.8	527.8	527.8
Adjusted equity	**5,490.9**	5,183.3	5,036.3	5,090.0	4,714.3
Net debt - pre lease liabilities	**1,913.0**	1,863.6	1,996.4	1,862.8	1,918.2
Total	**7,403.9**	7,046.9	7,032.7	6,952.8	6,632.5
Average capital employed	**7,161.2**	7,010.8	6,872.7		

12. Return on Average Capital Employed (ROACE)

This measure is defined as profit after taxation attributable to owners of the parent before non-trading items (net of related tax), brand related intangible asset amortisation and net finance costs expressed as a percentage of average capital employed.

	12 months to H1 2021 €'m	12 months to H1 2020 €'m	FY 2020 €'m
Profit after taxation attributable to owners of the parent	**568.0**	540.2	554.1
Non-trading items (net of related tax)	**35.3**	57.5	15.5
Brand related intangible asset amortisation	**43.5**	42.0	41.7
Net finance costs	**69.3**	80.0	72.4
Adjusted profit	**716.1**	719.7	683.7
Average capital employed	**7,161.2**	6,872.7	7,010.8
Return on average capital employed	**10.0%**	10.5%	9.8%

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