18 May 2022

Premier Foods plc (the "Group" or the "Company")

Preliminary results for the 52 weeks ended 2 April 2022

Trading profit and adjusted PBT ahead of expectations; further market share gains; £60m reduction in pension contributions NPV to £240-£260m

Headlines

- Trading profit, Adjusted PBT and earnings per share ahead of previously raised expectations[11], dividend up +20%
- Strong branded growth driving volume and value market share gains in both Grocery and Sweet Treats
- Successfully navigating macro and industry wide supply chain challenges and continued inflationary environment
- Trading profit margin increased 60 basis points to 16.5%, leveraging operational efficiencies
- International revenue up +25%[8] vs two years ago; strong growth on *Sharwood's* and *Mr Kipling*
- Interest costs[5] halved in last two years, reflecting strength of strategic progress and debt refinancing
- Pensions merger now delivering through c.£60m reduction in NPV of cash contributions
- New ESG strategy, the 'Enriching Life Plan', announced with a series of major sustainability commitments
- Expectations for further good progress in FY22/23 unchanged

Headline results	FY21/22 (52 weeks)	FY20/21* (52 weeks)	Change vs 1yr ago	Change vs 2yrs ago
Revenue (£m)	900.5	934.2	(3.6%)	+6.3%
Trading profit[1] (£m)	148.3	148.3	+0.0%	+11.9%
Adjusted profit before taxation[4] (£m)	128.5	115.3	+11.4%	+37.6%
Adjusted earnings per share[7] (pence)	12.1	11.0	+10.5%	+35.7%
Net debt[9]/adjusted EBITDA[3]	1.7	2.0		

Statutory measures	FY21/22 (52 weeks)	FY20/21* (53 weeks)	Change vs 1yr ago	Change vs 2yrs ago
Revenue (£m)	900.5	947.0	(4.9%)	+6.3%
Operating profit (£m)	131.1	152.6	(14.1%)	+37.6%
Profit before taxation (£m)	102.6	122.8	(16.4%)	+91.4%
Basic earnings per share (pence)	9.0	12.5	(28.0%)	+63.6%
Net debt[9] (£m)	(285.0)	(332.7)	14.3% lower	33.7% lower
Dividend per share (pence)	1.2	1.0	20.0%	N/A

Non-GAAP measures above are defined on pages 17-18 and reconciled to statutory measures throughout

* FY21/22 and FY19/20 were 52 week years, FY20/21 was a 53 week year, a reconciliation between 53 week and 52 week measure for FY20/21 and the financials for FY19/20 are provided in the appendices

Financial headlines

Compared to 2 years ago

- Group revenue up +6.3%, Branded revenue[12] up +9.7% reflecting strength of branded growth model
- Trading profit increased +11.9%
- Adjusted profit before tax £128.5m, up +37.6% due to trading performance and significant interest cost savings
- Adjusted earnings per share increased by +35.7% to 12.1p

Compared to 1 year ago

- Group revenue on 53 week basis (4.9%) decline due to lapping effect of exceptional pandemic related volumes
- Statutory profit before tax £20.2m lower reflecting £33.6m Hovis disposal gain in prior year
- Adjusted profit before tax on 52 week basis up +11.4% due to reduced interest costs
- Dividend proposed of 1.2p, 20% increase on prior year
- Net debt reduced by £47.7m to £285.0m and Net debt/adjusted EBITDA[3] leverage down to 1.7x
- Premier Foods' pension scheme IAS19 deficit nearly halved to £193.9m

Alex Whitehouse, Chief Executive Officer

"In January, we increased our full year profit guidance[11], and so it's particularly pleasing that we have exceeded those increased expectations with Trading profit up 11.9% and adjusted PBT up 37.6% compared to two years ago. Yet again,

our brands have grown faster than their categories, with revenues increasing nearly 10% vs two years ago as they gained volume and value market share in Grocery and Sweet Treats both instore and online. Mr Kipling enjoyed its best year ever, benefitting from sustained levels of marketing investment and a series of new product launches."

"As we look to expand beyond our core UK business, we have made great initial progress leveraging the strength of our leading brands by entering a number of adjacent new categories. Overseas, our International business grew by 25%[8] compared to two years ago with particularly strong growth in Ireland and Australia driven by our priority international brands Sharwood's and Mr Kipling."

"Over the last two years, we have completely transformed our financial position with our leverage now down to 1.7x, our interest costs halved, and dividend payments recommenced after thirteen years. Today, we have announced a £60m reduction in the NPV of future pension payments, representing the first important deliverable from the pensions merger we announced two years ago."

"As we enter FY22/23, we have strong growth plans in place including several new product launches such as the range of Mr Kipling Deliciously Good cakes. We anticipate seeing further input cost inflation which we will continue to address using a combination of measures, as we have successfully done before, and including cost efficiency programmes and increased pricing. Our initial trading so far this year has been encouraging, in line with our plans, and we are seeing strong market share gains as consumers increasingly look for good value meal solutions. With this positive momentum, and the resilience of our brands, categories and supply chain, we are confident of delivering another year of good progress."

Environmental, Social and Governance (ESG)

On 29 October 2021, the Group announced its new 'Enriching Life Plan' ESG strategy building on the strong progress the business has made to date. The Group recognises its responsibility and the opportunity, as a leading UK food manufacturer, to forge a healthier future for people and the planet. This new strategy will build a more resilient business for the long-term, ensuring it can thrive in a changing world. During the process of developing this strengthened ESG strategy, the Group also conducted a materiality review, engaging with a range of stakeholders.

This new ESG strategy is articulated through the three key strategic pillars of Product, Planet and People. The Group has set out a series of major sustainability targets under each pillar which can be found on the Company's website.

Dividend

Last year, the Group recommenced the payment of a dividend to shareholders for the first time in thirteen years. Following another good year of progress, the Board is proposing a dividend for the full year of 1.2 per share, a 20.0% increase on the prior year. This reflects strong earnings per share growth in FY21/22, commitment to a progressive dividend and confidence in the Group's future plans.

Outlook

The Group enters FY22/23 in a strong position, following another year of successful strategic and financial progress. It continues to execute against its five point strategy; growing the core UK business; investing in its infrastructure; expanding into new categories; building its overseas business and exploring M&A opportunities.

Initial trading so far this financial year has been in line with the Board's plans, and it is confident in the delivery of its full year expectations. The Group expects to see further input cost inflation, which it will continue to manage using a range of measures including cost efficiency programmes and further pricing action. The resilience of the Group's brands, categories and supply chain means it is well positioned to deliver further progress this year, while it's target of approximately 1.5x Net debt/adjusted EBITDA[3] remains unchanged.

Strategy overview

The Group delivers growth and creates value through its five point strategy, outlined below.

1. **Continue to grow the UK core business**
   We have a vibrant and growing UK business which provides the basis for further expansion. The branded growth model which we employ in the UK is at the heart of what we do and is core to our success. With our

leading category positions, we launch new products to market linked to key consumer trends, supported by sustained levels of marketing investment and delivered through strong customer and retailer partnerships.

2. **Supply chain investment**
We invest in operational infrastructure to increase efficiencies across our manufacturing and logistics operations, providing a virtuous cycle for brand investment. Capital investment in our sites also facilitates growth through our innovation strategy and enhances the safety and working conditions of our colleagues.

3. **Expand UK business into new categories**
We leverage the strength of our brands, using our proven branded growth model to launch products in adjacent, new food categories.

4. **Build international businesses with critical mass**
We are building sustainable business units with critical mass overseas, applying our brand building capabilities to deliver growth in our target markets of Republic of Ireland, Australia, North America and Europe. Our primary brands to drive this expansion are *Mr Kipling* and *Sharwood's*.

5. **Inorganic opportunities**
We will utilise our brand building and commercial expertise to expand across a wider portfolio, accelerating value creation through modest and targeted acquisition opportunities.

Further information

A presentation to investors and analysts will be webcast today at 9:00am BST.
To register for the webcast follow the link: www.premierfoods.co.uk/investors/investor-centre
A recording of the webcast will be available on the Company's website later in the day.

A conference call for bond investors and analysts will take place today, 18 May 2022, at 1:30pm BST. Dial in details are outlined below:

Telephone:	+44 20 8585 2961 (standard international access)
Conference ID:	3179028

A factsheet with highlights of the Preliminary results is available at:
www.premierfoods.co.uk/investors/results-centre

A Premier Foods image gallery is available using the following link:
www.premierfoods.co.uk/media/image-gallery/

As one of the UK's largest food businesses, we're passionate about food and believe each and every day we have the opportunity to enrich life for everyone. Premier Foods employs over 4,000 people operating from 15 sites across the country, supplying a range of retail, wholesale, foodservice and other customers with our iconic brands which feature in millions of homes every day.

Through some of the nation's best-loved brands, including Ambrosia, Batchelors, Bisto, Loyd Grossman, Mr. Kipling, Oxo and Sharwood's, we're creating great tasting products that contribute to healthy and balanced diets, while committing to nurturing our people and our local communities, and going further in the pursuit of a healthier planet, in line with our Purpose of 'Enriching Life Through Food'.

Contacts:

Institutional investors and analysts:
Duncan Leggett, Chief Financial Officer
Richard Godden, Director of Investor Relations
Investor.relations@premierfoods.co.uk

Media enquiries:
Lisa Kavanagh, Director of Communications

Headland

Ed Young	+44 (0) 7884 666830
Jack Gault	+44 (0) 7799 089357

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This announcement may contain "forward-looking statements" that are based on estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "would", "should", "could", "will", "plans", "predicts" and "potential", as well as the negatives of these terms and other words of similar meaning. Any forward-looking statements in this announcement are made based upon Premier Foods' estimates, expectations and beliefs concerning future events affecting the Group and subject to a number of known and unknown risks and uncertainties. Such forward-looking statements are based on numerous assumptions regarding the Premier Foods Group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Premier Foods cautions that these forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in these forward-looking statements. Undue reliance should, therefore, not be placed on such forward-looking statements. Any forward-looking statements contained in this announcement apply only as at the date of this announcement and are not intended to give any assurance as to future results. Premier Foods will update this announcement as required by applicable law, including the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, London Stock Exchange and any other applicable law or regulations, but otherwise expressly disclaims any obligation or undertaking to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Financial results

Due to the unique nature of the prior year when the Group saw exceptional patterns of demand for its products during the peak of the Covid pandemic, it has managed and reviewed the performance of its business this year with reference to the more normalised trading conditions of two years ago as well as the prior year.

The statutory comparative period is for the 53 weeks ended 3 April 2021. To aid comparability of results against equal timeframes, the following review for headline measures is provided on a 52 week comparable basis and reconciliations provided to a 53 week basis for FY20/21 can be found in the appendix.

Revenue

Group revenue (£m) (52 week comparable basis)	Grocery	Sweet Treats	Group
Branded[12]	560.1	214.0	774.1
Non-branded[13]	87.6	38.8	126.4
Total	**647.7**	**252.8**	**900.5**
% change vs 1 year ago*			
Branded	(6.9%)	+7.0%	(3.4%)
Non-branded	(4.5%)	(5.0%)	(4.7%)
Total	**(6.6%)**	**+5.0%**	**(3.6%)**
% change vs 2 years ago*			
Branded	+8.8%	+12.1%	+9.7%
Non-branded	(9.6%)	(13.0%)	(10.6%)
Total	**+5.9%**	**+7.3%**	**+6.3%**
(53 week comparable basis)			
% change vs 1 year ago*			
Branded	(8.1%)	+5.3%	(4.7%)
Non-branded	(6.1%)	(5.7%)	(6.0%)
Total	**(7.8%)**	**+3.4%**	**(4.9%)**

Commentary versus two years ago

Group revenue increased by 6.3% compared to two years ago. Branded[12] revenue was particularly strong, up 9.7%, while lower margin Non-branded[13] revenue declined (10.6%). In the fourth quarter, Group revenues increased by 3.5% to £225.8m, with branded revenue up 5.1% and Non-branded revenue (7.0%) lower. This quarter compares against the same period two years ago when consumers began to accelerate their purchase of household staple grocery products at the onset of the pandemic. The Group's branded mix accelerated to 86.0% of total sales, up 270 basis points compared to two years ago.

The Group's branded growth model strategy leverages the strength of its market leading brands, launching insightful new products, supporting them with emotionally engaging advertising and building strategic retail partnerships. Branded revenues on a two-year compound annual growth rate basis, have grown by 4.7%, serving to illustrate the success of this strategy and model. Additionally, volume and value market share[14] increased by 41 and 68 basis points respectively compared to the same period two years ago. Outperformance was delivered in both the Grocery and Sweet Treats markets, by 52 and 23 basis points respectively. In e-commerce, many consumers who turned to shopping online for grocery products during the pandemic have continued to use this channel. The Group's sales through online have grown by a very significant 71% compared to two years ago and additionally, market share has increased by 111 basis points.

Another key element of the Group's branded growth model is the strength of its retailer/customer partnerships. Compared to the prior year, the Group's weighted average distribution points have grown by 121 basis points; and one of the key drivers of this has been the strength and delivery of its innovation programme.

Grocery

Grocery revenue grew by 5.9% compared to two years ago. The branded portfolio was the clear driver behind this growth as revenue increased by 8.8%, with non-branded business (9.6%) lower. Grocery revenues in the fourth quarter were marginally lower by (0.2%), with higher margin brands delivering growth of 0.9%, as volumes spiked two years ago at the onset of the pandemic. This was offset by a (6.9%) decline in lower margin non-branded revenue due to lower out of home volumes.

The majority of the Group's Grocery brands grew revenues in FY21/22 compared to the same period two years ago. Brands such as *Batchelors, Bisto, Sharwood's, Paxo* and *Angel Delight* all grew well above the category averages and many of these have benefitted from sustained levels of consumer marketing investment and new product development programmes.

A major success for the Group has been the *Nissin* noodle product ranges. The *Nissin* brand has grown consistently strongly over the last four years; revenues this year grew by nearly 130% compared to the same period two years ago. During the year, *Nissin* noodles became the market leader in the authentic snack pot market, having grown market share from 16% in 2017 to 48% today.

The Group continues to bring more healthy product ranges to market such as *Loyd Grossman* 30% less sugar Lasagne sauces, no added sugar *Homepride* pasta bakes, *Oxo* meat-free Chicken flavour stock cubes and *Angel Delight* ready to eat, on the go, low calorie dessert pots. In FY22/23, the Group will be launching a series of exciting new better for you products such as *Bisto Best* meat-free gravy, *Sharwood's* lower fat Poppodoms and Popped Crackers and *Paxo* low salt stuffing.

One of the Group's strategic pillars is expanding into adjacent categories, leveraging the strength of the Group's branded equities' and significant progress was delivered in the year. This year, major launches included *Oxo* Rubs and Marinades, representing *Oxo's* first major move beyond its heartland of stock; the extension of the *Mr Kipling, Ambrosia* and *Angel Delight* brands into the Ice-cream category with initial sales over £1m while Cape Herb & Spice, the product range of rubs, chilli and seasonings has achieved increased distribution.

Sweet Treats

Sweet Treats delivered strong revenue growth of 7.3% in the year when compared to two years ago, driven by particularly high branded growth, up 12.1% to £214.0m. This was partly offset by non-branded revenue which declined by (13.0%) following exit of lower margin contracts. During the fourth quarter, Sweet Treats revenue increased by 15.4%, reflecting strong branded sales, which grew 17.7%.

The branded performance was as a result of the particularly strong innovation program. Consumer uptake from the new better for you *Mr Kipling* 30% less sugar Viennese Whirls was strong, while the premium *Mr Kipling* Signature products such as Deluxe Millionaire Whirls also performed very well. *Cadbury* cake delivered strong growth through the year, well supported by innovation, and investment in *Mr Kipling* continued in FY21/22 with further advertising to come next year

As outlined above, one of the Group's strategies is to expand into new, adjacent, categories, leveraging its brands' equities. *Mr Kipling* entered the biscuit category for the first time in the second half of the year with a range of new biscuits targeting the everyday treat occasion.

Looking ahead to the coming year, the Group has recently announced the launch of *Mr Kipling* Deliciously Good cakes. This ground breaking new range is a clear demonstration of delivering against the Group's 'Enriching Life Plan' ESG strategy, offering consumers further healthier options to support healthier lifestyles. These new cakes, which come in seven different variants, are made with higher levels of fibre and fruit compared with the standard *Mr Kipling* range and are classified as non-HFSS under UK government guidelines.

International

In the International business, revenue on a constant currency basis was 25%[8] higher than the same period two years ago, with growth in all target markets. In Ireland, application of the branded growth model strategy saw further new product development and television advertising. The business entered the Quick Meals Snack & Soups and Homebaking categories and launched the *Mr Kipling* premium signature range of cakes. Revenues in

Australia grew double digits, reflecting higher sales of *Mr Kipling* and *Cadbury* cake, which between them, hold a 14% share of the cake category and remain market leaders.

The Group continues to make strategic progress as it applies its brand building capabilities and executional focus in its priority markets of Ireland, North America, Australia and Europe. For example, *Mr Kipling* snack pack cake slices in Canada are now in wider distribution, following a successful trial and after refinement of the product proposition. A similar approach is being taken in the USA, with a test trial to validate the approach which commenced at the start of FY22/23. Also in the USA, *Sharwood's* continues to increase distribution in a key retailer reflecting both increased store presence and new product listings.

Europe is increasingly becoming a clear opportunity for the Group, with *Sharwood's* in particular demonstrating strong growth in both Spain and Germany during the year. In Spain, revenue of *Sharwood's* cooking sauces has increased by nearly 100% compared to two years ago, reflecting strong growth in Indian sauces such as Tikka Masala while sales in Germany have grown due to the popularity of *Sharwood's* Rice pots.

Non-branded

Non-branded revenue was (10.6%) lower than the same period two years ago. In Grocery, retailer non-branded revenue grew, while some out of home volumes remain below pre-pandemic levels, some parts of this business have now returned to growth on a one year basis. Sweet Treats non-branded revenue was impacted by lower margin contract exits in pies and slices.

<u>Commentary versus prior year</u>

The commentary in the following section is made by comparison to the 52 weeks ended 3 April 2021, unless otherwise stated

Group revenue for the 52 weeks to 2 April 2022 was £900.5m, a decrease of (3.6%) on the same period a year ago when volumes were inflated by more meals being eaten at home due to restrictions on out of home eating. Branded revenue was (3.4%) lower at £774.1m while non-branded revenue declined (4.7%) to £126.4m. In the fourth quarter, Group revenues were (0.5%) lower at £225.8m, with branded revenue down (1.8%) and non-branded revenue up 10.5%. The fourth quarter last year saw pandemic lockdown restrictions in place, with less out of home hospitality open to consumers and therefore a greater prevalence of eating in home.

When the year's results are compared to the statutory comparative of 53 weeks ended 3 April 2021, revenue was (4.9%) lower than the prior year. Grocery Revenue declined by (7.8%) while Sweet Treats grew by 3.4%. Branded revenue declined by (4.7%) while non-branded revenue was (6.0%) lower.

Grocery

As expected, Grocery revenue was lower in FY21/22 compared to the prior year. Branded and non-branded revenue declined by (6.9%) and (4.5%) respectively, reflecting the exceptional volumes experienced in the prior year due to the elevated consumer demand observed in the Group's grocery categories during the peaks of the Covid pandemic. During the course of the year, the strongest comparatives were seen in the first quarter when lockdown restrictions were at their most stringent.

Sweet Treats

In Sweet Treats, revenue grew by 5.0% in the year to £252.8m. The Branded part of the business grew strongly, as revenue grew by 7.0% to £214.0m, while Non-branded revenue was (5.0%) lower at £38.8m. In FY20/21, the cake category did not experience the same level of elevated volumes compared to that seen in the Group's grocery categories, as consumers focused on purchasing key household staple products as the UK entered lockdown restrictions.

The delivery of the Sweet Treats branded revenue profile is attributable to the Group's proven branded growth model, including the strength of the new product development programme and sustained marketing investment, as outlined above.

International

The International business saw revenue grow by 2%[8] on a constant currency basis. In a similar vein to the Grocery business in the UK, revenue in the first half of the year compared to the prior period was impacted by the effects of the global pandemic. In particular, grocery product ranges in the majority of overseas markets saw lower sales due to more meals eaten at home during lockdown restrictions in the prior year, as was the case in the UK.

Non-branded

Grocery Non-branded sales were (4.5%) lower in the year due to lower sales at Knighton Foods partly offset by higher sales at the Group's frozen pizza base business, Charnwood Foods. In Sweet Treats, revenue declined by (5.0%) which was due to the impact of contract exits in fruit pies and slices ranges.

The Group's Non-branded business plays a secondary, supportive role which includes assisting the recovery of manufacturing overheads; applying strict financial hurdles on new contracts while deploying low levels of capital investment and protecting branded intellectual property.

Trading profit

£m	FY21/22 (52 weeks)	FY20/21* (52 weeks)	Change vs 1 year ago*	Change vs 2 years ago*	FY20/21* (53 weeks)
Divisional contribution[2]					
Grocery	160.2	172.5	(7.1%)	+8.1%	174.7
Sweet Treats	33.4	22.4	+49.6%	+41.0%	23.2
Total	193.6	194.9	(0.6%)	+12.7%	197.9
Group & corporate costs	(45.3)	(46.6)	+2.7%	(15.4%)	(46.6)
Trading profit	**148.3**	**148.3**	**0.0%**	**+11.9%**	**151.3**

Commentary versus two years ago

The Group delivered a very strong performance at Divisional contribution and Trading profit compared to two years ago. Trading profit rose by 11.9% to £148.3m as Grocery and Sweet Treats Divisional contribution grew by 8.1% and 41.0% respectively.

The Group's proven branded growth model has been a key driver behind these performances reflecting the benefits of its innovation strategy, consistent brand investment and collaborative customer partnerships. Gross margins and Trading profit margins increased by 120 and 80 basis points respectively compared to two years ago, reflecting benefits from branded mix and cost efficiency projects while the Group also increased investment behind its brands through higher advertising and marketing spend.

One of the Group's strategies is to increase its investment in its supply chain infrastructure. The elements of this strategy include capital investment to (i) increase efficiencies across the manufacturing and logistics operations and (ii) to facilitate growth through the Group's innovation strategy. Through these strategies, the Group expects to deliver improvements in gross margin, which then provides funds for additional brand investment, in line with the branded growth model and so drive further branded revenue growth as part of a virtuous cycle. An example of such investment includes a new pots line at the Ashford site, which will deliver innovation growth for the *Batchelors* and *Sharwood's* brands.

Commentary versus prior year

The commentary in the following section is made by comparison to the 52 weeks ended 3 April 2021, unless otherwise stated

As outlined above, the Group reported Trading profit of £148.3m in FY21/22. This matches the exceptional performance delivered in the prior year when Trading profit benefitted from the operational leverage effects of elevated volumes during the various lockdown phases of the pandemic. Divisional contribution was slightly lower at £193.6m while Group & corporate costs declined by 2.7% to £45.3m. The Grocery business reported Divisional contribution of £160.2m which was (7.1%) lower than the last year while Sweet Treats saw excellent Divisional contribution growth of 49.6% to £33.4m.

Last year, the Grocery business saw some exceptionally strong performances across its branded portfolio, as the substantial increase in volumes seen during the peaks of the Covid pandemic saw benefits to operational leverage, which in turn fed through to Divisional contribution. With Grocery volumes lower than FY20/21, this resulted in reduced levels of operational leverage and hence lower Divisional contribution in the year.

In Sweet Treats, Divisional contribution increased by £11.0m to £33.4m in the year. This strong progress reflects improved supply chain efficiencies, lower Covid related costs in the year and branded mix benefits as higher margin *Mr Kipling* and Cadbury cake sales increased while non-branded sales declined. Unlike the Group's grocery categories, the cake market was less impacted by exceptional consumer buying trends during the pandemic in 2020.

The Group continued to invest in its market leading brands during the year with *Ambrosia, Batchelors, Bisto, Mr Kipling, Oxo* and *Sharwood's* all benefitting from TV advertising. Additionally, some of these brands received investment in shorter, YouTube activation media which focus on helping consumers with ideas on recipes and cooking ideas. Looking ahead to FY22/23, the Group has plans for increased levels of brand investment as the prior year, as it continues to consistently apply its branded growth model strategy.

Group & corporate costs of £45.3m benefitted from lower management and colleague bonuses in the year and the release of a provision no longer required.

During the course of the year, global supply chains across a number of industries faced a range of challenges including a shortage of heavy goods vehicle (HGV) drivers; general labour shortages and an increasingly inflationary environment. The Group successfully navigated through this environment during FY21/22, demonstrating the strength of its supplier and customer relationships and delivering in line with its plans.

Following the tragic events unfolding in Ukraine in early 2022, a number of global commodity and energy markets are expected to rise further. While the Group has no direct exposure through revenue from, or purchases to, Russia or Ukraine, it expects to be impacted by rising global commodity markets over the coming months. Consequently, the Group will take mitigating actions to recover increased costs, both through cost efficiency measures and pricing actions.

Operating profit

£m	FY21/22 (52 weeks)	FY20/21 (53 weeks)	Change vs 1 year ago	Change vs 2 years ago*
Adjusted EBITDA[3]	**167.5**	**170.4**	**(2.9)**	**15.0**
Depreciation	(19.2)	(19.1)	(0.1)	0.7
Trading profit	**148.3**	**151.3**	**(3.0)**	**15.7**
Amortisation of intangible assets	(27.0)	(30.4)	3.4	2.4
Fair value movements on foreign exchange & derivatives	4.4	(2.3)	6.7	2.7
Net interest on pensions and administrative expenses	4.2	9.7	(5.5)	8.8
Non-trading items:				
Restructuring costs	-	(4.9)	4.9	4.1
GMP equalisation	(0.3)	(2.9)	2.6	(0.3)
Other non-trading	1.5	(0.5)	2.0	2.4
Operating profit before gain on sale of Hovis	**131.1**	**120.0**	**11.1**	**35.8**
Reversal of impairment loss of Loan receivable	-	15.7	(15.7)	-
Profit on disposal of investment in associate	-	16.9	(16.9)	-
Operating profit	**131.1**	**152.6**	**(21.5)**	**35.8**

Operating profit in the year was £131.1m, a decrease of £21.5m compared to the prior year. This was largely due to the reversal of the impairment loss on the Hovis loan note principal and profit on disposal of the Hovis investment in the comparative period of £32.6m. Operating profit before gain on sale of the Hovis investment associate grew by £11.1m in the year to £131.1m.

Amortisation of intangible assets was £27.0m in the year, a £3.4m reduction compared to FY20/21. Fair valuation of foreign exchange and derivatives resulted in a positive movement of £4.4m compared to the comparative period. An impairment reversal of £15.7m was recognised in the prior year in respect of the Hovis loan note previously written off; this reflected a reassessment of the loan note's recoverability. Hovis Holdings Limited was disposed by the Company and The Gores Group to Endless LLP on 5 November 2020. Additionally, a profit on disposal of £16.9m was recognised in the prior year following completion of this transaction.

Net interest on pensions and administrative expenses was a credit of £4.2m in the year. Expenses for operating the Group's pension schemes were £6.8m in the FY21/22, offset by a net interest credit of £11.0m due to an opening surplus of the Group's combined pension schemes. There were no restructuring costs incurred in the year; charges in the prior year of £8.3m were largely due to costs associated with advisory work on the segregated merger pensions agreement announced on 20 April 2020. Other non-trading income of £1.5m primarily related to the resolution of a legacy legal matter.

Finance costs

Net finance cost was £28.5m, a decrease of £1.3m compared to the comparative period. Net regular interest was £19.8m, a £13.2m reduction compared to the prior year and nearly half that of two years ago. This reduction was due to lower Senior secured notes interest charges following redemptions of the Group's now retired 2022 Floating Rate Notes ("FRN"). Additionally, the Group issued new £330m Fixed Rate Notes due October 2026 in FY21/22, replacing the previous £300m Fixed Rate Notes due July 2023 which were fully repaid in the year. The October 2026 Notes attract a lower coupon (3.5%) compared to the retired October 2023 Notes which attracted a coupon of 6.25%, therefore representing a significant ongoing saving for the Group. Consequently, Senior secured notes interest declined by £12.1m to £13.4m when compared to the prior year on a 52 week basis.

£m	**FY21/22** (52 weeks)	**FY20/21*** (52 weeks)	**Change vs 1 year ago***	**Change vs 2 years ago***	**FY20/21** (53 weeks)
Senior secured notes interest	13.4	25.5	12.1	17.6	25.9
Bank debt interest - net	4.3	4.6	0.3	0.7	4.6
	17.7	30.1	12.4	18.3	30.5
Amortisation of debt issuance costs	2.1	2.9	0.8	1.2	2.9
Net regular interest[5]	**19.8**	**33.0**	**13.2**	**19.5**	**33.4**
Write-off of financing costs	4.3			(4.3)	1.3
Early redemption fee	4.7			(4.7)	-
Discount unwind	(0.9)			2.2	(1.1)
Other finance cost	0.8			0.3	0.9
Other finance income	(0.2)			0.2	(4.7)
Net finance cost	**28.5**			**13.2**	**29.8**

Bank debt interest of £4.3m was £0.3m lower than the prior year and the Group's revolving credit facility was undrawn as at 2 April 2022. Amortisation of debt issuance costs were £0.8m lower at £2.1m, reflecting a lower quantum of borrowing facilities held by the Group.

Following the completion of the Group's refinancing in the year, the write-off of financing costs associated with borrowings now retired and facilities which have since been replaced, were £4.3m in the period. Additionally, and as expected, a fee of £4.7m was incurred relating to the early redemption of the Group's now retired £300m 2023 dated Fixed Rate Notes.

In the prior period, other finance income of £4.7m related to the reversal of the impairment on interest on the Hovis loan note, reflecting the reassessment of the loan note's recoverability.

Taxation

£m	FY21/22	FY20/21	FY19/20
Profit before taxation	102.6	122.8	53.6
- Tax charge at rate of 19.0%	(19.5)	(23.3)	(10.2)
Tax effect of:			
- Changes in tax rate	(7.2)	-	4.9
- Capital gain on disposal of business	-	6.6	-
- Other items	1.6	(0.1)	(1.8)
Income tax (charge)	**(25.1)**	**(16.8)**	**(7.1)**
Deferred tax asset	23.1	28.4	-
Deferred tax liability	212.9	85.8	184.9

The taxation charge for the year to 2 April 2022 was £25.1m (2020/21: £16.8m). This charge comprised primarily a charge on operating activities of £19.5m (2020/21: £23.3m) and £7.2m due to tax rate changes. In the Government's 2021 spring budget, the rate of corporation tax effective from April 2023 will increase from the current level of 19% to 25%. Therefore, deferred tax balances have been restated depending on the rate which they are expected to unwind.

The Group retains brought forward losses which it can utilise to offset against future tax liabilities. Due to changes in tax legislation with respect to the offset of tax losses, the Group expects to recommence paying cash tax in low single digit £millions in the medium term.

Earnings per share

Earnings per share (£m)	FY21/22 (52 weeks)	FY20/21 (53 weeks)	Change vs 1 year ago	Change vs 2 years ago*
Operating profit	131.1	152.6	(21.5)	35.8
Net finance cost	(28.5)	(29.8)	1.3	13.1
Profit before taxation	**102.6**	**122.8**	**(20.2)**	49.0
Taxation	(25.1)	(16.8)	(8.3)	(18.0)
Profit after taxation	77.5	106.0	(28.5)	31.0
Average shares in issue (million)	858.8	851.4	7.4	12.1
Basic Earnings per share (pence)	**9.0**	**12.5**	**(3.5)**	3.5

Profit before tax was £102.6m in the year, a decrease of £20.2m compared to FY20/21 and Profit after tax was £77.5m, £28.5m lower than the comparative period. On a two year comparator basis, profit before tax increased by £49.0m and profit after tax was £31.0m higher. Basic earnings per share was 9.0 pence compared to 12.5 pence in the prior period.

Adjusted earnings per share (£m)	FY21/22 (52 weeks)	FY20/21* (52 weeks)	Change vs 1 year ago*	Change vs 2 years ago*
Trading profit	148.3	148.3	0.0%	11.9%
Less: Net regular interest	(19.8)	(33.0)	40.0%	49.5%
Adjusted profit before tax	**128.5**	**115.3**	**11.4%**	37.6%
Less: Notional tax (19%)	(24.4)	(21.9)	(11.4%)	(37.6%)
Adjusted profit after tax[6]	104.1	93.4	11.4%	37.6%
Average shares in issue (millions)	858.8	851.3	7.5	12.2
Adjusted earnings per share (pence)	**12.1**	**11.0**	**10.5%**	35.7%

Adjusted profit before tax increased by 11.4% in the year to £128.5m, as Trading profit was in line with the prior period and net regular interest costs declined significantly, as described above. Adjusted profit after tax also grew by 11.4%, to £104.1m after deducting a notional 19.0% tax charge of £24.4m. Based on average shares in issue of 858.8 million shares, adjusted earnings per share were 10.5% higher at 12.1p.

When compared to two years ago, adjusted profit before tax increased by 37.6% due to both higher Trading profit and a significantly lower net regular interest charge. Over this time frame, adjusted profit after tax and adjusted earnings per share increased by 37.6% and 35.7% respectively.

Statutory cash flow statement

£m	FY21/22	FY20/21
Cash generated from operating activities	90.1	85.6
Cash (used in)/generated from investing activities	(23.2)	13.8
Cash used in financing activities	(13.7)	(276.2)
Net increase/(decrease) in cash and cash equivalents	**53.2**	**(176.8)**
Cash, and cash equivalents at beginning of period	1.1	177.9
Cash and cash equivalents at end of period	**54.3**	**1.1**

Free cash flow

£m	FY21/22	FY20/21
Trading profit	148.3	151.3
Depreciation	19.2	19.1
Other non-cash items	4.1	3.4
Capital expenditure	(23.2)	(23.6)
Working capital	(21.0)	0.6
Operating cash flow	**127.4**	**150.8**
Interest	(20.8)	(32.6)
Pension contributions	(41.4)	(47.0)
Free cash flow[10]	**65.2**	**71.2**
Non-trading items	0.9	(5.1)
Net proceeds from share issue	1.3	1.7
Re-financing fees	(13.2)	-
Sale of property, plant and equipment	-	0.1
Dividend (including pensions match)	(11.0)	-
Disposal proceeds	-	30.3
Movement in cash	**43.2**	**98.2**
Repayment of borrowings	(320.0)	(275.0)
Proceeds from borrowings	330.0	-
Net increase/(decrease) in cash and cash equivalents	**53.2**	**(176.8)**

On a statutory basis, cash generated from operations was £110.9m compared to £118.2m in the comparative period. Cash generated from operating activities was £90.1m after deducting net interest paid of £20.8m. Cash used in financing activities was £13.7m in the year versus £276.2m in the prior year and includes the proceeds from the issuance of the Group's £330m 2026 dated 3.5% Fixed Rate Notes in the period. These proceeds were largely offset by the repayment in full of the Group's £300m 2023 dated 6.25% Fixed Rate Notes, the last remaining £20.0m tranche of the Group's FRN, financing fees of £8.5m, an early redemption fee of £4.7m relating to the retirement of the £300m Fixed Rate Notes and dividends paid to shareholders of £8.5m. In FY20/21, the Group repaid a drawdown of £85.0m on its committed revolving credit facility in the first quarter of the year. This followed an earlier prudent decision by the Group at the end of the previous financial year to draw this £85.0m sum, reflecting early stage wider uncertainties associated with the COVID-19 pandemic. Secondly, the Group used cash generated during FY19/20 and FY20/21 to fund part redemptions of its FRN totalling £190.0m.

The Group reported an inflow in cash in the year of £43.2m. Trading profit of £148.3m was £3.0m lower than the prior year for the reasons outlined above, while depreciation of £19.2m was similar to the prior year. Other non-cash items of £4.1m was £0.7m higher and was predominantly due to share based payments.

Net interest paid of £20.8m was £11.8m lower than the prior year; this was due to reduced interest payments following the redemption of the Group's FRN and the issue of £330m Fixed Rate Notes due October 2026 which attract a coupon of 3.5%. These Fixed Rate Notes replaced the previous £300m Fixed Rate Notes due October 2023 which were repaid in the year and attracted a coupon of 6.25%. There was no taxation paid in FY21/22 due to the availability of brought forward losses and capital allowances.

Total pension contributions in the year were £41.4m, a £5.6m reduction compared to prior year, reflecting lower administration costs. Pension deficit contribution payments were £37.6m and administration costs amounted to £3.8m.

Capital expenditure was £23.2m and was broadly in line with the prior year. In the medium term, the Group expects capital expenditure to be in the range of £30-35m, as it looks to accelerate investment across the supply chain, covering both growth projects supporting the Group's innovation strategy and cost release projects to deliver efficiency savings. One of the key objectives of this programme, is through improving operational efficiency, the resultant accretion in gross margin will provide additional funds for brand investment. This strategy of investing in supply chain infrastructure represents a virtuous cycle to provide the fuel for the Group's branded growth model.

The year saw a working capital outflow of (£21.0m) compared to an inflow of £0.6m in the prior year. This outflow was largely due to the higher value of input costs on inventory and also higher level of trade receivables compared to the prior year.

The Group paid re-financing fees during the year which amounted to £13.2m and were largely due to advisory, legal and arrangement fees and included a redemption fee of £4.7m as referred to above. Dividends paid in the year were £11.0m; of this, £8.5m were payments made to shareholders and £2.5m was due to a dividend match payment in favour of the Group's pension schemes.

Net debt and sources of finance

Net debt at 2 April 2022 was £285.0m, a reduction of £47.7m compared to the prior year. The movement in cash in the year was £43.2m and the movement in debt issuance costs was £2.0m. Lease creditor movements were £2.5m and as at 2 April 2022, the Group held cash and bank deposits of £54.3m. On a pre-IFRS 16 basis, Net debt at 2 April 2022 was £268.9m.

Net debt/adjusted EBITDA[3] was 1.7x on a Post-IFRS 16 basis.

£m	**Post-IFRS 16**	**Pre-IFRS 16**
Net debt at 3 April 2021	**332.7**	**314.1**
Movement in cash	(43.2)	(43.2)
Movement in debt issuance costs	(2.0)	(2.0)
Movement in lease creditor	(2.5)	-
Net debt at 2 April 2022	**285.0**	**268.9**
Adjusted EBITDA[3]	167.5	165.5
Net debt / Adjusted EBITDA[3]	**1.7x**	**1.6x**

During the year, the Group entered into a new revolving credit facility (RCF) with an updated lending group for a period of three years from May 2021 with extension options for up to two additional years. This new senior secured RCF is a committed facility of £175m and includes an interest margin grid broadly in line with the previous RCF. The prevailing coupon on the RCF is currently 2.5% above GBP SONIA and undrawn elements of the RCF attract interest equivalent to 35% of the applicable margin. Following the year end, the Group completed the first extension of the RCF facility to 2025.

Additionally, the Group issued new October 2026 dated £330m Fixed Rate Notes during the year. These notes attract an interest coupon of 3.5%; the first call date in 15 June 2023. As referred to above, the Group redeemed in full its £300m 2023 dated Fixed Rate Notes and the outstanding 2022 dated FRN during the year.

Pensions

IAS 19 results and commentary

IAS 19 Accounting Valuation (£m)		**2 April 2022**			**3 April 2021**	
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,273.7	826.3	5,100.0	4,459.4	792.5	5,251.9
Liabilities	(3,134.9)	(1,020.2)	(4,155.1)	(3,536.9)	(1,175.1)	(4,712.0)
Surplus/(Deficit)	**1,138.8**	**(193.9)**	**944.9**	**922.5**	**(382.6)**	**539.9**
Net of deferred tax (25%/19.0%)	854.1	(145.4)	708.7	747.2	(309.9)	437.3

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 2 April 2022 of £944.9m, an increase of £405.0m compared to the prior year. This is equivalent to a surplus of £708.7m net of a deferred tax charge of 25.0%. The reduction in value of liabilities of £556.9m is the main driver behind the movement in the surplus and substantially reflects an increase in the applicable discount rate from 2.00% to 2.75% between the two respective periods. Asset values across the two sets of schemes reduced by £151.9m, with the RHM scheme asset values reducing by £185.7m and the Premier Foods scheme assets increasing by £33.8m. When compared to the position at 3 April 2021, the RHM scheme surplus increased by 23.4% while the Premier Foods' scheme deficit reduced by 49.3%.

Deferred tax of 25.0% is deducted from the IAS19 retirement benefit valuation of the Group's schemes to reflect the fact that pension deficit contributions made to the Group's pension schemes are allowable for tax. The deferred tax rate has been increased from the 19.0% rate used for the prior period to 25.0% following the change in the UK's corporation tax rate, effective from April 2023.

Combined pensions schemes (£m)	2 April 2022	3 April 2021
Assets		
Equities	10.4	14.9
Government bonds	1,213.7	1,625.4
Corporate bonds	6.3	1.0
Property	576.9	467.9
Absolute return products	934.7	1,112.1
Cash	113.8	79.8
Infrastructure funds	364.7	321.5
Swaps	490.9	485.4
Private equity	320.0	240.6
LDI	7.7	191.2
Illiquid credits	273.2	174.9
Global credits	628.6	318.6
Other	159.1	218.6
Total Assets	**5,100.0**	5,251.9
Liabilities		
Discount rate	**2.75%**	2.00%
Inflation rate (RPI/CPI)	**3.6%/3.2%**	3.25%/2.80%

Actuarial valuation update and NPV of deficit contributions

Following the segregated merger of the Group's pension schemes, effective June 2020, an interim actuarial funding valuation of the Premier Foods and Premier Grocery Products sections as at 31 March 2021 has been completed. The outcome of this valuation has resulted in a £125m reduction in the deficit of these schemes from £552m as at 31 March 2019 to £427m as at 31 March 2021. Following the reduction in this deficit, the Company and Trustees of the schemes have agreed to reduce the length of the current pension deficit contribution schedule by two years. Consequently, the net present value of future pension contributions to the end of the respective recovery periods has reduced by approximately £60m, from £300-320m[15] to £240-260m.

Capital allocation

The Group is a highly cash generative business and has substantially reduced its interest costs. Today, the allocation of capital is split across pension contributions, capital investment and dividends, with a strategy to explore bolt-on M&A. In the medium term, we expect pensions contributions to reduce, freeing up increased cash to spend on capital investment, dividends and M&A.

Principal risks and uncertainties

Strong risk management is key to delivery of the business' strategic objectives. The Group has an established risk management process, the Executive Leadership Team performing a formal robust assessment of the principal risks bi-annually which is reviewed by the Board and Audit Committee. Risks are monitored at a segment and functional level throughout the year considering both internal and external factors. The principal risks that the Group is exposed to will be disclosed in the Group's 2022 Annual Report. These are: macroeconomic & geopolitical instability, impact of government legislation, market and retailer actions, operational integrity, legal compliance, climate risk, technology, product portfolio, HR and employee risk and strategy delivery.

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Appendices

The Company's Preliminary results are presented for the 52 weeks ended 2 April 2022 and the comparative period, 53 weeks ended 3 April 2021 and 52 weeks ended 28 March 2020. References to the 'quarter', unless otherwise stated, are for the 13 weeks ended 2 April 2022 and the comparative periods, 13 weeks ended 3 April 2021 and 13 weeks ended 28 March 2020. To aid comparability of results, headline results are provided on a 52 week basis and reconciliations provided to a 53 week basis.

Headline group results for 52 weeks ended 2 April 2022 and comparative 53 weeks ended 3 April 2021 and 52 weeks ended 28 March 2020

£m	FY21/22 52 week basis	FY20/21 53 week basis	Exclude: 53 week	FY20/21 52 week basis	FY19/20 52 week basis
Revenue					
Grocery	647.7	702.6	(9.2)	693.4	611.6
- Branded	560.1	609.3	(7.6)	601.7	514.7
- Non-branded	87.6	93.3	(1.6)	91.7	96.9
Sweet Treats	252.8	244.4	(3.6)	240.8	235.5
- Branded	214.0	203.2	(3.3)	199.9	190.9
- Non-branded	38.8	41.2	(0.3)	40.9	44.6
Group	900.5	947.0	(12.8)	934.2	847.1
- Branded	774.1	812.5	(10.9)	801.6	705.6
- Non-branded	126.4	134.5	(1.9)	132.6	141.5
Divisional contribution					
Grocery	160.2	174.7	(2.2)	172.5	148.2
Sweet Treats	33.4	23.2	(0.8)	22.4	23.7
Total	193.6	197.9	(3.0)	194.9	171.9
Trading profit	148.3	151.3	(3.0)	148.3	132.6
Adjusted EBITDA[3]	167.5	170.4	(3.3)	167.1	152.5
Adjusted EBITDA[3] (excl IFRS 16)	165.5	168.2	(3.3)	164.9	149.9
Net regular interest	(19.8)	(33.4)	0.4	(33.0)	(39.3)
Adjusted profit before tax	128.5	117.9	(2.6)	115.3	93.3
Adjusted eps	12.1	11.2	(0.2)	11.0	8.9
Net debt	285.0	332.7	N/A	N/A	429.6
Net debt (excl IFRS 16)	268.9	314.1	N/A	N/A	408.1
Net debt/adjusted EBITDA[3]	1.7x	2.0x	N/A	N/A	2.8x
Net debt/adjusted EBITDA[3] (excl IFRS 16)	1.6x	1.9x	N/A	N/A	2.7x

Quarter 4 Revenue

£m – 52 week basis			
FY21/22 Q4 Revenue	**Grocery**	**Sweet Treats**	**Group**
Branded	143.8	55.4	199.2
Non-branded	22.3	4.3	26.6
Total	**166.1**	**59.7**	**225.8**
FY20/21 Q4 Revenue			
Branded	152.1	50.7	202.8
Non-branded	20.3	3.8	24.1
Total	**172.4**	**54.5**	**226.9**
% change vs 1 year ago			
Branded	(5.5%)	9.2%	(1.8%)
Non-branded	10.0%	13.1%	10.5%
Total	**(3.6%)**	**9.5%**	**(0.5%)**
FY19/20 Q4 Revenue			
Branded	142.5	47.1	189.6
Non-branded	24.0	4.6	28.6
Total	**166.5**	**51.7**	**218.2**
% change vs 2 years ago			
Branded	0.9%	17.7%	5.1%
Non-branded	(6.9%)	(7.6%)	(7.0%)
Total	**(0.2%)**	**15.4%**	**3.5%**

Notes and definitions of non-GAAP measures

The Company uses a number of non-GAAP measures to measure and assess the financial performance of the business. The Directors believe that these non-GAAP measures assist in providing additional useful information on the underlying trends, performance and position of the Group. These non-GAAP measures are used by the Group for reporting and planning purposes and it considers them to be helpful indicators for investors to assist them in assessing the strategic progress of the Group.

1. The Group uses Trading profit to review overall Group profitability. Trading profit is defined as profit/(loss) before tax, before net finance costs, amortisation of intangible assets, fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administration expenses and any material items that require separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance.
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business segment.
3. Adjusted EBITDA is Trading profit as defined in (1) above excluding depreciation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other interest payable and other finance income.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2020/21: 19.0%).
7. Adjusted earnings per share is Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 858.8 million (53 weeks ended 3 April 2021: 851.4 million).
8. International sales remove the impact of foreign currency fluctuations and adjusts current year sales to ensure comparability in geographic market destinations. The constant currency calculation is made by adjusting the current year’s sales to the same exchange rate as the prior year and two years ago, as applicable. The constant currency adjustment is calculated by applying a blended rate.

The following are stated on a 52 week basis for each respective year:

£m	Reported	Adjustment	Constant currency
FY21/22	53.4	1.4	54.8
FY20/21	53.9	N/A	53.9
Growth/(decline) %	(1.0%)		1.6%

£m	Reported	Adjustment	Constant currency
FY21/22	53.4	0.6	54.0
FY19/20	43.3	N/A	43.3
Growth/(decline) %	23.3%		24.6%

9. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
10. Free cash flow is Net increase or decrease in cash and cash equivalents excluding proceeds and repayment of borrowings, less dividend payments, disposal proceeds, re-financing fees, proceeds from share issues and non-trading items.
11. FY21/22 guidance provided at Q3 trading update, 19 January 2022: at least £145m Trading profit; at least £125m Adjusted profit before tax.
12. Branded revenue is revenue generated from products sold by the Group under owned brands, or licenced brands, such as *Ambrosia, Batchelors, Bisto, Loyd Grossman, Mr Kipling, Sharwood's, Oxo* and others.
13. Non-branded revenue is revenue generated by products sold by the Group which are not labelled as brands owned, or sold under licence, by the Group.
14. IRI, 52 weeks ended 26 March 2022.
15. The schedule of future contributions are as agreed per the 2021 interim actuarial funding valuation for the Premier Foods Schemes, discounted using the Company post tax WACC of 7.4%.

Additional notes:

- The Directors believe that users of the financial statements are most interested in underlying trading performance and cash generation of the Group. As such intangible asset amortisation and impairment are excluded from Trading profit because they are non-cash items.
- Restructuring costs have been excluded from Trading profit because they are incremental costs incurred as part of specific initiatives that may distort a user's view of underlying trading performance.
- Net regular interest is used to present the interest charge related to the Group's ongoing financial indebtedness, and therefore excludes non-cash items and other credits/charges which are included in the Group's net finance cost.
- Group & corporate costs refer to group and corporate expenses which are not directly attributable to a business unit and are reported at total Group level.
- In line with accounting standards, the International and Knighton business units, the results of which are aggregated within the Grocery business unit, are not required to be separately disclosed for reporting purposes.

Consolidated statement of profit or loss

	Note	52 weeks ended 2 April 2022 £m	53 weeks ended 3 April 2021 £m
Revenue	3	**900.5**	947.0
Cost of sales		**(573.4)**	(611.7)
Gross profit		**327.1**	335.3
Selling, marketing and distribution costs		**(133.4)**	(137.4)
Administrative costs		**(62.6)**	(77.9)
Reversal of impairment losses on financial assets		**-**	15.7
Profit on disposal of investment in associate		**-**	16.9
Operating profit	3	**131.1**	152.6
Finance cost	4	**(29.0)**	(36.2)
Finance income	4	**0.5**	6.4
Profit before taxation		**102.6**	122.8
Taxation charge	5	**(25.1)**	(16.8)
Profit for the period attributable to owners of the parent		**77.5**	106.0
Basic earnings per share			
From profit for the period (pence)	6	**9.0**	12.5
Diluted earnings per share			
From profit for the period (pence)	6	**8.8**	12.2

Consolidated statement of comprehensive income

	Note	52 weeks ended 2 April 2022 £m	53 weeks ended 3 April 2021 £m
Profit for the period		**77.5**	106.0
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	7	**357.3**	(750.3)
Deferred tax (charge) / credit	5	**(114.2)**	132.9
Current tax credit	5	**6.4**	9.2
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation		**(0.4)**	(1.0)
Other comprehensive income, net of tax		**249.1**	(609.2)
Total comprehensive income attributable to owners of the parent		**326.6**	(503.2)

Consolidated balance sheet

	Note	**As at 2 Apr 2022 £m**	As at 3 Apr 2021 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**190.9**	192.1
Goodwill		**646.0**	646.0
Other intangible assets		**293.5**	317.2
Deferred tax assets	5	**23.1**	28.4
Net retirement benefit assets	7	**1,148.7**	934.7
		2,302.2	2,118.4
Current assets			
Stocks		**78.1**	68.8
Trade and other receivables		**96.5**	83.4
Cash and cash equivalents	8	**54.3**	4.2
Derivative financial instruments	10	**2.4**	0.1
		231.3	156.5
Total assets		**2,533.5**	2,274.9
LIABILITIES:			
Current liabilities			
Trade and other payables		**(254.0)**	(249.8)
Financial liabilities			
– short-term borrowings		**-**	(3.1)
– derivative financial instruments	10	**(0.3)**	(2.3)
Lease liabilities	9	**(2.1)**	(2.3)
Provisions for liabilities and charges		**(2.3)**	(6.2)
		(258.7)	(263.7)
Non-current liabilities			
Long-term borrowings	9	**(323.2)**	(315.2)
Lease liabilities	9	**(14.0)**	(16.3)
Net retirement benefit obligations	7	**(203.8)**	(394.8)
Provisions for liabilities and charges		**(8.3)**	(8.4)
Deferred tax liabilities	5	**(212.9)**	(85.8)
Other liabilities		**(5.7)**	(7.1)
		(767.9)	(827.6)
Total liabilities		**(1,026.6)**	(1,091.3)
Net assets		**1,506.9**	1,183.6
EQUITY:			
Capital and reserves			
Share capital		**86.3**	85.5
Share premium		**1.5**	0.6
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**1,076.7**	755.1
Total equity		**1,506.9**	1,183.6

Consolidated statement of cash flows

	Note	52 weeks ended 2 April 2022	53 weeks ended 3 Apr 2021
		£m	£m
Cash generated from operations	8	**110.9**	118.2
Interest paid		**(21.2)**	(34.1)
Interest received		**0.4**	1.5
Cash generated from operating activities		**90.1**	85.6
Proceeds from repayment of loan notes to associate		**-**	15.7
Net proceeds from sale of investment in associate		**-**	16.9
Interest received on loan notes to associate		**-**	4.7
Purchases of property, plant and equipment		**(19.5)**	(18.0)
Purchases of intangible assets		**(3.7)**	(5.6)
Sale of property, plant and equipment		**-**	0.1
Cash (used in) / generated from investing activities		**(23.2)**	13.8
Repayment of borrowings		**(320.0)**	(275.0)
Proceeds from borrowings		**330.0**	-
Repayment of lease liabilities		**(3.3)**	(2.7)
Financing fees[1]		**(8.5)**	-
Early redemption fee[1]		**(4.7)**	-
Dividends paid		**(8.5)**	-
Purchase of shares to satisfy share awards		**(0.4)**	(0.2)
Proceeds from share issue		**1.7**	1.7
Cash used in financing activities		**(13.7)**	(276.2)
Net increase / (decrease) in cash and cash equivalents		**53.2**	(176.8)
Cash, cash equivalents and bank overdrafts at beginning of period		**1.1**	177.9
Cash and cash equivalents at end of period[2]	8	**54.3**	1.1

[1]Relates to payments made as part of the refinancing of the Group's debt in June 2021. See note 11 for further details.

[2]Cash and cash equivalents of £54.3m (2020/21: £1.1m) includes bank overdraft of £nil (2020/21: £3.1m) and cash and bank deposits of £54.3m (2020/21: £4.2m). See note 10 for more details.

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Profit and loss reserve[1] £m	Total equity £m
At 29 March 2020		84.8	1,409.4	351.7	(9.3)	(156.6)	1,680.0
Profit for the period		-	-	-	-	106.0	106.0
Remeasurements of defined benefit schemes	7	-	-	-	-	(750.3)	(750.3)
Deferred tax credit	5	-	-	-	-	132.9	132.9
Current tax credit	5					9.2	9.2
Exchange differences on translation		-	-	-	-	(1.0)	(1.0)
Other comprehensive income		-	-	-	-	(609.2)	(609.2)
Total comprehensive income		-	-	-	-	(503.2)	(503.2)
Shares issued		0.7	1.0	-	-	-	1.7
Capital reduction[2]			(1,409.8)			1,409.8	-
Share-based payments		-	-	-	-	3.1	3.1
Purchase of shares to satisfy share awards		-	-	-	-	(0.2)	(0.2)
Deferred tax movements on share-based payments	5	-	-	-	-	2.2	2.2
At 3 April 2021		**85.5**	**0.6**	**351.7**	**(9.3)**	**755.1**	**1,183.6**
At 4 April 2021		**85.5**	**0.6**	**351.7**	**(9.3)**	**755.1**	**1,183.6**
Profit for the period		**-**	**-**	**-**	**-**	**77.5**	**77.5**
Remeasurements of defined benefit schemes	7	**-**	**-**	**-**	**-**	**357.3**	**357.3**
Deferred tax charge	5	**-**	**-**	**-**	**-**	**(114.2)**	**(114.2)**
Current tax credit	5					**6.4**	**6.4**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Other comprehensive income		-	-	-	-	**249.1**	**249.1**
Total comprehensive income		**-**	**-**	**-**	**-**	**326.6**	**326.6**
Shares issued		**0.8**	**0.9**	**-**	**-**	**-**	**1.7**
Share-based payments		**-**	**-**	**-**	**-**	**3.4**	**3.4**
Purchase of shares to satisfy share awards		**-**	**-**	**-**	**-**	**(0.4)**	**(0.4)**
Deferred tax movements on share-based payments	5	**-**	**-**	**-**	**-**	**0.5**	**0.5**
Dividends	11	**-**	**-**	**-**	**-**	**(8.5)**	**(8.5)**
At 2 April 2022		**86.3**	**1.5**	**351.7**	**(9.3)**	**1,076.7**	**1,506.9**

[1]Included in Profit and loss reserve at 2 April 2022 is £3.7m in relation to cumulative translation losses (2019/20: £2.3m loss, 2020/21: £3.3m loss)

[2]Following shareholder approval at a General Meeting held on 11 January 2021 and a hearing in the High Court of Justice, Business and Property Courts of England and Wales on 9 February 2021, an order was given confirming the cancellation of the entire amount standing to the credit of the Company's share premium account, which amounted to £1,409.8m ('Capital Reduction'). The order was produced to the Registrar of Companies and was registered on 10 February 2021, making the Reduction of Capital effective.

1. General information

The financial information included in this preliminary announcement does not constitute the Company's statutory accounts for the 52 weeks ended 02 April 2022 and for the 53 weeks ended 03 April 2021, but is derived from those accounts. Statutory accounts for the 53 weeks ended 03 April 2021 have been delivered to the registrar of companies, and those for 52 weeks ended 02 April 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention to by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards.

Basis for preparation of financial statements on a going concern basis

The Group's revolving credit facility includes net debt/EBITDA and EBITDA/interest covenants as detailed in note 11. In the event these covenants are not met then the Group would be in breach of its financing agreement and, as would be the case in any covenant breach, the banking syndicate could withdraw funding to the Group. The Group was compliant with its covenant tests as at 2 October 2021 and 2 April 2022.

Having undertaken a robust assessment of the Group's forecasts with specific consideration to the trading performance of the Group, cashflows and covenant compliance, the Directors have a reasonable expectation that the Group is able to operate within the level of its current facilities, meet the required covenant tests and has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. The Group therefore continues to adopt the going concern basis in preparing its financial information for the reasons set out below.

At 2 April 2022 the Group had total assets less current liabilities of £2,274.8m and net assets of £1,506.9m. Liquidity as at that date was £229.3m made up of cash and cash equivalents, and undrawn committed credit facilities of £175m expiring in May 2025. The covenants linked to the facilities are shown in note 11. At the time of the approval of these financial statements, the cash and liquidity position of the group has not changed significantly.

The Group operates in the Food Manufacturing industry, considered as essential during the pandemic, and whilst HM Government restrictions have now been lifted, there still exists uncertainty in respect of the potential future impact of Covid-19. HM Government restrictions when necessary to be put in place and the increase in hybrid working, means more meals are expected to be eaten at home and hence increased demand for the Group's product ranges. The Group's first priority remains the health and wellbeing of its colleagues, customers and other stakeholders and to date the Group has experienced no net financial adverse impact of the Covid-19 pandemic with elevated levels of demand seen.

The Directors have rigorously reviewed the situation relating to inflationary pressures across the industry driven by global supply chain disruption as a result of Covid-19 and the current global political uncertainty driven by the conflict in Ukraine and have modelled a series of 'downside case' scenarios impacting future financial performance, cash flows and covenant compliance, that cover a period of at least 12 months from the date of approval of the financial statements. These downside cases represent severe but plausible scenarios and include assumptions relating to an estimate of the impact of inflation during the period, net of estimated recovery and the closure of a proportion of manufacturing sites due to colleague absence as opposed to Government imposed guidelines. The Directors continue to believe that the risk of enforced site closures is low supported by there having been no manufacturing site closures and a large proportion of colleagues have received a vaccination. The Directors have also considered driver shortages and climate change that may have an adverse impact on supply of, or the demand for certain product groups and actions that retailers could take impacting financial performance.

Whilst the downside scenarios are severe but plausible, it is considered by the Directors to be prudent, having an adverse impact on revenue, margin and cash flow. The Directors, in response, identified mitigating actions within their control, that would reduce costs, optimising cashflow and liquidity. Amongst these are the following actions reducing capital expenditure, reducing marketing spend and delaying or cancelling discretionary spend. The

Directors have assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

The Directors, after reviewing financial forecasts and financing arrangements, consider that the Group has adequate resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing its consolidated financial information.

Impact of the war in Ukraine

The Group primarily supplies the UK market but also supplies to other countries in Europe and rest of the world. The Group does not trade in Ukraine or Russia and is therefore not directly affected by trading restrictions or sanctions. However, the Group could be affected in future due to inflationary pressures such as increase in commodity prices (e.g. wheat, dairy), energy prices, changes in long term UK GDP growth rate, and discount rates. The Group has reviewed the impact of these changes and have modelled sensitivities as part of the viability and going concern analysis and sensitivities of changes in key inputs to impairment testing of goodwill. The Group will continue to monitor the situation as it develops.

Climate change

The Group has considered the impact of both physical and transitional climate change risks on the financial statements of the Group. The Group does not consider there to be a material impact on the valuation of the Group's assets or liabilities, including useful economic life of property, plant and equipment, or on any significant accounting estimates or judgements. The Group will continue to monitor the impact on valuations of assets and liabilities as government policy evolves.

The impact of climate change has been considered in the projected cash flows used for impairment testing.

2. Significant estimates and judgements

The following are areas of particular significance to the Group's financial statements and may include the use of estimates, which is fundamental to the compilation of a set of financial statements. Results may differ from actual amounts.

Significant accounting estimates

The following are considered to be the key estimates within the financial statements:

2.1 Deferred tax

All balances giving rise to deferred tax liabilities are recognised in full, whereas deferred tax assets are only recognised to the extent at which they are recoverable. Management performs an assessment on an annual basis to assess the extent of future taxable profits that will be available against which the tax losses can be utilised. The key assumptions underlying the assessment is availability of future taxable profits and the underlying revenue growth and divisional contribution margin growth. Revenue growth is forecast based on known or forecast customer sales initiatives, including, to the extent agreed, customer business plans or agreements for the next period, current and forecast new product development, promotional and marketing strategy, and specific category or geographical growth. External factors, including the consumer environment, are also taken into account in the more short-term forecasts.

The taxable profits for Year 1 to 3 are based on the latest Board approved Budget and strategic plans. For recoverability purposes taxable profits are assumed to remain flat from year 3 onward based on which, the tax losses will be fully utilised within 20 years. A reasonable change in the key assumptions will not lead to a material change in the deferred tax balance recognised and a material adjustment in the carrying value of the deferred tax asset is not expected in the next 12 months.

Further disclosures are contained within note 5.

2.2 Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members. Each of the underlying assumptions is set out in more detail in note 9.

At each reporting date, and on a continuous basis, the Group reviews the macro-economic, Company and scheme specific factors influencing each of these assumptions, using professional advice, in order to record the Group's ongoing commitment and obligation to defined benefit schemes in accordance with IAS 19 (Revised).

Plan assets of the defined benefit schemes include a number of assets for which quoted prices are not available. At each reporting date, the Group determines the fair value of these assets with reference to most recently available asset statements from fund managers.

Where pensions asset valuations were not available at the reporting date, as is usual practice, valuations at 31 December 2021 are rolled forward for cash movements to end of March 2022 to estimate the valuations for these assets. This approach is principally relevant for Infrastructure Funds, Private Equity, Absolute Return Products, Property Assets, Illiquid Credits and Global Credits. Management have reviewed the individual investments to establish where valuations are not expected to be available for inclusion in these financial statements, movements in the most comparable indexes have then been applied to these investments at a category level to establish any potential estimation uncertainty within the results

2.3 Goodwill

Impairment reviews in respect of goodwill are performed at least annually and more regularly if there is an indicator of impairment. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. In performing its impairment analysis, the Group takes into consideration these indicators including the difference between its market capitalisation and net assets.

The Group has considered the impact of the assumptions used on the calculations and has conducted sensitivity analysis on the value in use calculations of the CGUs carrying values for the purposes of testing goodwill.

2.4 Commercial arrangements

Sales rebates and discounts are accrued on each relevant promotion or customer agreement and are charged to the statement of profit or loss at the time of the relevant promotional buy-in as a deduction from revenue. Accruals for each individual promotion or rebate arrangement are based on the type and length of promotion and nature of customer agreement. At the time an accrual is made the nature, funding level and timing of the promotion is typically known. Areas of estimation are sales volume/activity, phasing and the amount of product sold on promotion.

For short-term promotions, the Group performs a true up of estimates where necessary on a monthly basis, using real time customer sales information where possible and finally on receipt of a customer claim which typically follows 1-2 months after the end of a promotion. For longer-term discounts and rebates the Group uses actual and forecast sales to estimate the level of rebate. These accruals are updated monthly based on latest actual and forecast sales. A reasonable change in the key assumption will not lead to a material change in the balance recognised and a material adjustment is not expected in the 12 months of the estimate.

Judgements

The following are considered to be the key judgements within the financial statements:

2.5 Non-trading items

Non-trading items have been presented separately throughout the financial statements. These are items that management believes require separate disclosure by virtue of their nature in order that the users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance. In identifying non-trading items, management have applied judgement including whether i) the item is related to underlying trading of the Group; and/or ii) how often the item is expected to occur.

3. Segmental analysis

IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Executive Leadership Team as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group's operating segments are defined as 'Grocery', 'Sweet Treats', and 'International'. The CODM reviews the performance by operating segments. The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells primarily sweet ambient food products. The International segment has been aggregated within the Grocery segment for reporting purposes as revenue is below 10% of the Group's total revenue and the segment is considered to have similar characteristics to that of Grocery as identified in IFRS 8. There has been no change to the segments during the period.

The CODM uses Divisional contribution as the key measure of the segments' results. Divisional contribution is defined as gross profit after selling, marketing and distribution costs. Divisional contribution is a consistent measure within the Group and reflects the segments' underlying trading performance for the period under evaluation.

The Group uses trading profit to review overall Group profitability. Trading profit is defined as profit/loss before tax before net finance costs, amortisation of intangible assets, fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administrative expenses, and any material items that require separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance.

The segment results for the period ended 2 April 2022 and for the period ended 3 April 2021 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements are as follows:

	52 weeks ended 2 April 2022			53 weeks ended 3 April 2021		
	Grocery	**Sweet Treats**	**Total**	Grocery	Sweet Treats	Total
	£m	**£m**	**£m**	£m	£m	£m
External revenues	**647.7**	**252.8**	**900.5**	702.6	244.4	947.0
Divisional contribution	**160.2**	**33.4**	**193.6**	174.7	23.2	197.9
Group and corporate costs			**(45.3)**			(46.6)
Trading profit			**148.3**			151.3
Amortisation of intangible assets			**(27.0)**			(30.4)
Fair value movements on foreign exchange and other derivative contracts[1]			**4.4**			(2.3)
Reversal of impairment losses on financial assets[2]			**-**			15.7
Profit on disposal of investment in associate[2]			**-**			16.9
Net interest on pensions and administrative expenses			**4.2**			9.7
Non-trading items:[3]						
- GMP equalisation charge			**(0.3)**			(2.9)
- Restructuring costs			**-**			(4.9)
- Other non-trading items[4]			**1.5**			(0.5)
Operating profit			**131.1**			152.6
Finance cost			**(29.0)**			(36.2)
Finance income[2]			**0.5**			6.4
Profit before taxation			**102.6**			122.8
Depreciation[5]	**(11.2)**	**(8.0)**	**(19.2)**	(11.5)	(7.6)	(19.1)

[1]The gain of £4.4m (2020/21: loss of £2.3m) reflects changes in fair value rate during the 52-week period and movement in nominal value of the instruments held at 2 April 2022 from the 3 April 2021 position.

[2]In April 2014, the Group entered into a partnership with The Gores Group LLC in respect of Hovis Holdings Limited ('Hovis'). This partnership, of which the Group held a 49% equity interest, was subsequently written off in FY 2015/16. On 5 November 2020, the Group completed the sale of its interest in Hovis to Endless LLP. As part of the sale, the Group has received a total consideration of £37.3m, of which £16.9m was in respect of equity and £20.4m reflected the settlement of the outstanding loan to associate including interest of £4.7m.

[3]Non-trading items in the prior period include restructuring costs of £4.9m relating primarily to costs associated with the Strategic review and integration of the Knighton business.

[4]Other in the current period relates primarily to the resolution of a legacy legal matter.

[5]Depreciation in the period ended 2 April 2022 includes £2.0m (2020/21: £2.2m) of depreciation of IFRS 16 right of use assets.

Revenues in the period ended 2 April 2022, from the Group's four principal customers, which individually represent over 10% of total Group revenue, are £224.8m, £129.0m, £97.6m and £91.7m (2020/21: £240.2m, £138.8m, £112.0m and £98.5m). These revenues relate to both the Grocery and Sweet Treats reportable segments.

The Group primarily supplies the UK market, although it also supplies certain products to other countries in Europe and the rest of the world. The following table provides an analysis of the Group's revenue, which is allocated on the basis of geographical market destination, and an analysis of the Group's non-current assets by geographical location.

Revenue

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
United Kingdom	**847.1**	892.9
Other Europe	**26.2**	28.5
Rest of world	**27.2**	25.6
Total	**900.5**	947.0

Non-current assets

	As at 2 Apr 2022 £m	As at 3 Apr 2021 £m
United Kingdom	**1,130.4**	1,155.3

Non-current assets exclude deferred tax assets and net retirement benefit assets.

4. Finance income and costs

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Interest payable on bank loans and overdrafts	**(4.3)**	(5.7)
Interest payable on senior secured notes	**(13.4)**	(25.9)
Interest payable on revolving facility	**(0.3)**	(0.6)
Other interest receivable[1]	**0.1**	0.2
Amortisation of debt issuance costs	**(2.1)**	(2.9)
	(20.0)	(34.9)
Write off of financing costs[2]	**(4.3)**	(1.3)
Early redemption fee[3]	**(4.7)**	-
Total finance cost	**(29.0)**	(36.2)
Interest receivable on bank deposits	**0.3**	1.7
Other finance income	**0.2**	4.7
Total finance income	**0.5**	6.4
Net finance cost	**(28.5)**	(29.8)

[1]Included in other interest receivable is £0.8m charge (2020/21: £0.9m charge) relating to non-cash interest costs arising following the adoption of IFRS 16 and £0.9m credit (2020/21: £1.1m credit) relating to the unwind of the discount on certain of the Group's long-term provisions

[2] Relates to the refinancing of the senior secured fixed rate notes due 2023 and revolving credit facility in the current period and redemption of senior secured floating rate notes due 2022 in the previous period. See note 11 for further details.

[3] Relates to a non-recurring payment arising on the early redemption of the £300m senior secured fixed rate notes due to mature in October 2023 as part of the refinancing of the Group's debt in June 2021.

5. Taxation

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Current tax		
- Current period	**(6.4)**	(9.2)
Deferred tax		
- Current period	**(16.5)**	(9.2)
- Prior periods	**1.9**	1.6
- Changes in tax rate	**(4.1)**	-
Income tax charge	**(25.1)**	(16.8)

The applicable rate of corporation tax for the period is 19%.

Tax relating to items recorded in other comprehensive income included:

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Corporation tax credit on pension movements	**6.4**	9.2
Deferred tax charge on increase of corporate tax rate	**(17.9)**	-
Deferred tax credit on prior year	**1.6**	-
Deferred tax (charge)/credit on pension movements	**(97.9)**	132.9
	(107.8)	142.1

The applicable rate of corporation tax for the period is 19%. As set out in the Finance Act of 2021, the corporation tax rate will increase from the current 19% to 25% starting April 2023. Therefore, the deferred tax balances have been restated between 22% to 25% depending on the rate at which they are expected to unwind. As a result of the higher tax rate a tax charge of £4.1m has been recorded in the consolidated statement of profit or loss and a tax charge of £17.9m has been recorded in other comprehensive income.

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 19.0% (2020/21: 19.0%). The reasons for this are explained below:

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Profit before taxation	**102.6**	122.8
Tax charge at the domestic income tax rate of 19.0% (2020/21: 19.0%)	**(19.5)**	(23.3)
Tax effect of:		
Non-deductible items	**(0.8)**	(1.4)
Other disallowable items	**-**	(0.3)
Capital gain on disposal of business	**-**	6.6
Adjustment to restate opening deferred tax balances	**(4.1)**	-
Difference between current and deferred tax rate	**(3.1)**	-
Tax incentives	**0.5**	-
Adjustments to prior periods	**1.9**	1.6
Income tax charge	**(25.1)**	(16.8)

Corporation tax losses are not recognised where future recoverability is uncertain.

The difference between current and deferred tax rate of £3.1m relates to the impact of the current tax rate being 19% and the current year deferred tax movements being measured at between 22% and 25%.

The adjustments to prior periods of £1.9m (2020/21: £1.6m) relates primarily to the changes in prior period intangibles and capital allowances following verifications in submitted returns.

Deferred tax

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset/(liability) arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled.

	2021/22	2020/21
	£m	£m
At 4 April 2021 / 29 March 2020	**(57.4)**	(184.9)
Charged to the statement of profit or loss	**(18.7)**	(7.6)
(Charged)/credited to other comprehensive income	**(114.2)**	132.9
Credited to equity	**0.5**	2.2
At 2 April 2022 / 3 April 2021	**(189.8)**	(57.4)

The Group has not recognised £2.2m of deferred tax assets (2020/21: £1.7m not recognised) relating to UK corporation tax losses. In addition, the Group has not recognised a tax asset of £83.9m (2020/21: £83.9m) relating to Advanced Corporation Tax (ACT) and £76.6m (2020/21: £58.1m) relating to capital losses. Under current legislation these can generally be carried forward indefinitely.

Deferred tax liabilities	**Intangibles**	**Retirement benefit obligation**	**Leases**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 29 March 2020	(52.0)	(232.7)	(2.9)	-	(287.6)
Current period credit/(charge)	1.9	(2.1)	-	-	(0.2)
Reclassified from deferred tax assets	-	-	-	(1.0)	(1.0)
Credited to other comprehensive income	-	132.9	-	-	132.9
At 3 April 2021	**(50.1)**	**(101.9)**	**(2.9)**	**(1.0)**	**(155.9)**
At 4 April 2021	**(50.1)**	**(101.9)**	**(2.9)**	**(1.0)**	**(155.9)**
Charge due to change in corporate tax rate					
- To statement of profit or loss	**(15.4)**	**(9.5)**	**(0.9)**	**(0.3)**	**(26.1)**
- To other comprehensive income		**(22.7)**			**(22.7)**
Current period credit/(charge)	**1.3**	**(3.5)**	**-**	**-**	**(2.2)**
Charged to other comprehensive income	**-**	**(97.9)**	**-**	**-**	**(97.9)**
Prior period (charge)/credit					
- To statement of profit or loss	**(0.3)**	**-**	**-**	**-**	**(0.3)**
- To other comprehensive income		**1.6**			**1.6**
At 2 April 2022	**(64.5)**	**(233.9)**	**(3.8)**	**(1.3)**	**(303.5)**

Deferred tax assets	Accelerated tax depreciation	Share-based payments	Losses	Other	Total
	£m	£m	£m	£m	£m
At 29 March 2020	56.7	0.1	45.9	-	102.7
Current period (charge)/credit	(8.6)	0.4	(0.9)	0.1	(9.0)
Reclassified to deferred tax liabilities	-	-	-	1.0	1.0
Credited to equity	-	2.2	-	-	2.2
Prior period credit					
- To statement of profit or loss	1.4	-	-	0.2	1.6
At 3 April 2021	**49.5**	**2.7**	**45.0**	**1.3**	**98.5**
At 4 April 2021	**49.5**	**2.7**	**45.0**	**1.3**	**98.5**
Credit due to change in corporate tax rate					
- To statement of profit or loss	**12.7**	**-**	**9.1**	**0.2**	**22.0**
- To other comprehensive income	**-**	**-**	**4.8**	**-**	**4.8**
- To equity	**-**	**0.1**	**-**	**-**	**0.1**
Current period (charge)/credit	**(13.1)**	**0.7**	**(1.2)**	**(0.7)**	**(14.3)**
Credited to equity	**-**	**0.4**	**-**	**-**	**0.4**
Prior period credit					
- To statement of profit or loss	**2.2**	**-**	**-**	**-**	**2.2**
At 2 April 2022	**51.3**	**3.9**	**57.7**	**0.8**	**113.7**

Deferred tax asset on losses and accelerated tax depreciation	£m
As at 2 April 2022	**23.1**
As at 3 April 2021	28.4

Net deferred tax liability	£m
As at 2 April 2022	**(212.9)**
As at 3 April 2021	(85.8)

Where there is a legal right of offset and an intention to settle as such, deferred tax assets and liabilities may be presented on a net basis. This is the case for most of the Group's deferred tax balances except non-trading losses of £23.1m (2020/21: £18.7m) and £nil (2020/21: £9.7m) towards accelerated tax depreciation. The remainder of deferred tax assets have therefore been offset in the tables above. Substantial elements of the Group's deferred tax assets and liabilities, primarily relating to the defined benefit pension obligation, are greater than one year in nature.

6. Earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to owners of the parent of £77.5m (2020/21: £106.0m profit) by the weighted average number of ordinary shares of the Company.

	2021/22 Number (m)	2020/21 Number (m)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**858.8**	851.4
Effect of dilutive potential ordinary shares:		
- Share options	**17.0**	17.1
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**875.8**	868.5

	52 weeks ended 2 April 2022			53 weeks ended 3 April 2021		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	**77.5**		**77.5**	106.0		106.0
Weighted average number of shares (m)	**858.8**	**17.0**	**875.8**	851.4	17.1	868.5
Earnings per share (pence)	**9.0**	**(0.2)**	**8.8**	12.5	(0.3)	12.2

Dilutive effect of share options

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The only dilutive potential ordinary shares of the Company are share options and share awards. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the share awards and the subscription rights attached to the outstanding share options.

No adjustment is made to the profit or loss in calculating basic and diluted earnings per share.

Adjusted earnings per share ('Adjusted EPS')

Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 19.0% (2020/21: 19.0%) divided by the weighted average number of ordinary shares of the Company.

Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other interest payable and other interest receivable.

Trading profit and Adjusted EPS have been reported as the directors believe these assists in providing additional useful information on the underlying trends, performance and position of the Group.

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Trading profit	**148.3**	151.3
Less net regular interest	**(19.8)**	(33.4)
Adjusted profit before tax	**128.5**	117.9
Notional tax at 19.0% (2020/21: 19%)	**(24.4)**	(22.4)
Adjusted profit after tax	**104.1**	95.5
Average shares in issue (m)	**858.8**	851.4
Adjusted EPS (pence)	**12.1**	11.2
Dilutive effect of share options	**(0.2)**	(0.2)
Diluted adjusted EPS (pence)	**11.9**	11.0

Net regular interest		
Net finance cost	**(28.5)**	(29.8)
Exclude other interest receivable	**(0.2)**	(4.7)
Exclude write-off of financing costs	**4.3**	1.3
Exclude early redemption fee	**4.7**	**-**
Exclude other interest receivable	**(0.1)**	(0.2)
Net regular interest	**(19.8)**	(33.4)

7. Retirement benefit schemes

Defined benefit schemes

The Group operates a number of defined benefit schemes under which current and former employees have built up an entitlement to pension benefits on their retirement. Although the Premier Foods Section, Premier Grocery Products Section and RHM Section identified below are no longer separate schemes following the merger in 2020, historically, Premier Foods companies' pension liabilities and ex-RHM companies' liabilities have been shown separately. These are as follows:

(a) The "Premier" Schemes, which comprise:

Premier Foods Pension Section of RHM Pension Scheme
Premier Grocery Products Pension Section of RHM Pension Scheme
Premier Grocery Products Ireland Pension Scheme ('PGPIPS')
Chivers 1987 Pension Scheme
Hillsdown Holdings Limited Pension Scheme

(b) The "RHM" Pension Schemes, which comprise:

RHM Section of the RHM Pension Scheme
Premier Foods Ireland Pension Scheme

The Premier Foods Pension Scheme (PFPS) and Premier Grocery Products Pension Scheme (PGPPS) were wound up following the merger of assets and liabilities on a segregated basis with the RHM Pension Scheme in June 2020. The RHM Pension Scheme operates as three sections, the RHM Section, Premier Foods Section and Premier Grocery Products Section.

The interim actuarial valuations for the new Premier Foods and Premier Grocery Products Sections as at 31 March 2021 have been agreed and show a combined reduction in their deficits of £125m since April 2019. This has allowed the recovery plans for both Sections to be shortened by two years. There is no change to the rate of deficit contributions paid in the short term.

The triennial valuation cycle continues with effect from 31 March 2022 for all three Sections of the RHM Pension Scheme.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.1774 (2020/21: £1.00 = €1.1215) for the average rate during the period, and £1.00 = €1.1881 (2020/21: £1.00 = €1.1740) for the closing position at period end.

All defined benefit schemes are held separately from the Company under Trusts. Trustees are appointed to operate the schemes in accordance with their respective governing documents and pensions law. The schemes meet the legal requirement for member nominated trustees' representation on the trustee boards. Trustee directors undertake regular training and development to ensure that they are equipped appropriately to carry out the role. In addition, each trustee board has appointed professional advisers to give them the specialist expertise they need to support them in the areas of investment, funding, legal, covenant and administration.

The trustee boards generally meet at least four times a year to conduct their business. To support these meetings certain aspects of the schemes' operation are delegated to give specialist focus (e.g. investment, administration and compliance) to committees for which further meetings are held as appropriate throughout the year. These committees regularly report to the full trustee boards.

The schemes invest through investment managers appointed by the trustees in a broad range of assets to support the security and funding of their pension obligations. Asset classes used include government bonds, private equity, absolute return products, swaps, infrastructure, illiquid credits and global credits.

The scheme assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The RHM Pension Scheme holds a security over the assets of the Group which ranks pari passu with the banks and bondholders in the event of insolvency, up to a cap.
The schemes incorporate a Liability Driven Investment (LDI) strategy to more closely match the assets with changes in value of liabilities. The RHM Pension Scheme uses assets including interest rate and inflation swaps, index linked bonds and infrastructure in its LDI strategy.

In setting the investment strategy, the primary concern for the trustee of the RHM Pension Scheme is to act in the best financial interests of all beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. This includes the risk that environmental, social and governance factors, including climate change, negatively impact the value of investments held if not understood and evaluated properly. The trustee considers this risk by taking advice from its investment advisors when choosing asset classes, selecting managers, and monitoring performance.

From 1 October 2022, the trustee is required by regulation to:

- implement climate change governance measures and produce a Taskforce on Climate-related Financial Disclosures (TCFD) report containing associated disclosures; and
- publish its TCFD report on a publicly available website, accessible free of charge.

The trustee is on track to draft and disclose the scheme's first TCFD report as part of the 2023 year-end reporting cycle.

The main risks to which the Group is exposed in relation to the funded pension schemes are as follows:

- Liquidity risk – the PF and PGP Sections of the RHM Pension Scheme have significant technical funding deficits which could increase. The RHM Section of the RHM Pension Scheme is currently in surplus, but subsequent valuations could reveal a deficit. As such this could have an adverse impact on the financial condition of the Group. The Group continues to monitor the pension risks closely working with the trustees to ensure a collaborative approach.
- Mortality risk – the assumptions adopted make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would result in greater payments from the schemes and consequently increases in the schemes liabilities. The trustees review the mortality assumption on a regular basis to minimise the risk of using an inappropriate assumption.
- Yield risk – a fall in government bond yields will increase the schemes liabilities and certain of the assets. However, the liabilities may grow by more in monetary terms, thus increasing the deficit in the scheme.
- Inflation risk – the majority of the schemes liabilities increase in line with inflation and so if inflation is greater than expected, the liabilities will increase.
- Investment risk – the risk that investments do not perform in line with expectations

The exposure to the yield and inflation risks described above can be hedged by investing in assets that move in the same direction as the liabilities in the event of a fall in yields, or a rise in inflation. The RHM Pension Scheme has largely hedged its inflation and interest rate exposure to the extent of its funding level. Both the Premier Foods and Premier Grocery Products Sections are currently hedged to 80% for interest rates and 80% to inflation.

The liabilities of the schemes are approximately 45% in respect of former active members who have yet to retire and approximately 55% in respect of pensioner members already in receipt of benefits.

The average duration of the pension liabilities for the three Sections of the RHM Pension Scheme is 16.0 years (16.0 years for the RHM Section; 15.5 years for the PF Section and 15.5 years for the PGP Section).

All pension schemes are closed to future accrual.

At the balance sheet date, the combined principal accounting valuation assumptions were as follows:

	At 2 Apr 2022		At 3 Apr 2021	
	Premier Schemes	**RHM Schemes**	**Premier Schemes**	**RHM Schemes**
Discount rate	**2.75%**	**2.75%**	2.00%	2.00%
Inflation – RPI	**3.60%**	**3.60%**	3.25%	3.25%
Inflation – CPI	**3.20%**	**3.20%**	2.80%	2.80%
Future pension increases				
- RPI (min 0% and max 5%)	**3.35%**	**3.35%**	3.10%	3.10%
- CPI (min 3% and max 5%)	**3.65%**	**3.65%**	3.40%	3.40%

For the smaller overseas schemes, the discount rate used was 1.75% (2020/21: 1.1%) and future pension increases were 2.6% (2020/21: 1.6%).

At 2 April 2022 and 3 April 2021, the discount rate was derived based on a bond yield curve expanded to also include bonds rated AA by one credit agency (and which might for example be rated A or AAA by other agencies).

The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium of 0.3% (2020/21: 0.3%), reflects an allowance for additional market distortions caused by the RPI reform proposals.

The Group has set the CPI assumption by assuming it is 1.0% p.a. lower than RPI pre 2030 (reflecting UKSA's stated intention to make no changes before 2030) and 0.1% lower than RPI post 2030 (2020/21: 0.0% post 2030), this being our expectation of the long-term average difference between CPI and CPI-H.

Using this approach, the assumed difference between the RPI and CPI is an average of 0.40% (2020/21: 0.45%) per annum. The estimated impact of the reduction in the difference between RPI and CPI is approximately £9.2m increase in defined benefit obligation in respect of the schemes.

The assumptions take into account the timing of the expected future cashflows from the pension schemes.

The RHM scheme invests directly in interest rate and inflation swaps to protect from fluctuations in interest rates and inflation.

The mortality assumptions are based on standard mortality tables. The directors have considered the impact of the current Covid-19 pandemic on the mortality assumptions and consider that use of the updated Continuous Mortality Improvement (CMI) 2021 projections released in March 2022 for the future improvement assumption a reasonable approach. Management considers the 2020 and 2021 mortality experience to be outliers and therefore have applied a 0% weight to the 2020 and 2021 mortality experience data. However, an addition to the mortality scaling factors of 2% has been applied, which reflects the expected long term negative outlook from the impact of Covid-19 on future life expectancy. The estimated impact of the addition to the mortality scaling factors is approximately 0.5% decrease in defined benefit obligation in respect of the schemes.

An adjustment to the base mortality tables has been made for the Premier Foods schemes to reflect the latest scheme mortality studies which were commissioned by the trustee in 2021. The life expectancy assumptions are as follows:

	At 2 Apr 2022		At 3 Apr 2021	
	Premier Schemes	**RHM Schemes**	**Premier Schemes**	**RHM Schemes**
Male pensioner, currently aged 65	**86.6**	**85.2**	87.2	85.4
Female pensioner, currently aged 65	**88.3**	**87.7**	89.4	87.8
Male non-pensioner, currently aged 45	**87.5**	**86.5**	87.8	86.6
Female non-pensioner, currently aged 45	**89.8**	**89.3**	90.4	89.4

A sensitivity analysis on the principal assumptions used to measure the scheme liabilities at the period end is as follows:

	Change in assumption	**Impact on scheme liabilities**
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £65.9m/£66.9m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £29.2m/£19.0m
Assumed life expectancy at age 60 (rate of mortality)	Increase/decrease by 1 year	Increase/decrease by £225.3m/£215.9m

The sensitivity information has been derived using projected cash flows for the Schemes valued using the relevant assumptions and membership profile as at 2 April 2022. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

	Premier Schemes £m	% of total %	RHM Schemes £m	% of total %	Total £m	% of total
Assets with a quoted price in an active market at 2 April 2022:						
Government bonds	**337.1**	**40.8**	**842.3**	**19.7**	**1,179.4**	**23.1**
Cash	**27.9**	**3.4**	**76.0**	**1.8**	**103.9**	**2.0**
Assets without a quoted price in an active market at 2 April 2022:						
UK equities	**0.1**	**0.0**	**0.3**	**0.0**	**0.4**	**0.0**
Global equities	**4.3**	**0.5**	**5.7**	**0.1**	**10.0**	**0.2**
Government bonds	**31.8**	**3.9**	**2.5**	**0.1**	**34.3**	**0.7**
Corporate bonds	**0.3**	**0.0**	**6.0**	**0.1**	**6.3**	**0.1**
UK property	**84.9**	**10.3**	**285.4**	**6.7**	**370.3**	**7.3**
European property	**38.3**	**4.6**	**168.3**	**3.9**	**206.6**	**4.0**
Absolute return products	**62.5**	**7.6**	**872.2**	**20.4**	**934.7**	**18.3**
Infrastructure funds	**26.7**	**3.2**	**338.0**	**7.9**	**364.7**	**7.2**
Interest rate swaps	**0.1**	**0.0**	**397.4**	**9.3**	**397.5**	**7.8**
Inflation swaps	**-**	**-**	**93.4**	**2.2**	**93.4**	**1.8**
Private equity	**39.9**	**4.8**	**280.1**	**6.5**	**320.0**	**6.3**
LDI	**-**	**-**	**7.7**	**0.2**	**7.7**	**0.2**
Global credit	**74.3**	**9.0**	**554.3**	**13.0**	**628.6**	**12.3**
Illiquid credit	**81.6**	**9.9**	**191.6**	**4.5**	**273.2**	**5.4**
Cash	**9.8**	**1.2**	**0.1**	**0.0**	**9.9**	**0.2**
Other[1]	**6.7**	**0.8**	**152.4**	**3.6**	**159.1**	**3.1**
Fair value of scheme assets as at 2 April 2022	**826.3**	**100%**	**4,273.7**	**100%**	**5,100.0**	**100%**
Assets with a quoted price in an active market at 3 April 2021:						
Government bonds	45.1	5.7	1,527.7	34.3	1,572.8	29.9
Cash	14.8	1.9	64.9	1.5	79.7	1.5
Assets without a quoted price in an active market at 3 April 2021[2]:						
UK equities	0.6	0.1	0.3	0.0	0.9	0.1
Global equities	8.1	1.0	5.9	0.1	14.0	0.3
Government bonds	34.3	4.3	18.3	0.4	52.6	1.0
Corporate bonds	1.0	0.1	-	-	1.0	0.0
UK Property	84.6	10.7	278.8	6.2	363.4	6.9
European property	20.6	2.6	83.9	1.9	104.5	2.0
Absolute return products	228.2	28.8	883.9	19.8	1,112.1	21.1
Infrastructure funds	19.3	2.5	302.2	6.8	321.5	6.1
Interest rate swaps	-	-	464.2	10.4	464.2	8.8
Inflation swaps	-	-	21.2	0.5	21.2	0.4
Private equity	22.3	2.8	218.3	4.9	240.6	4.6
LDI	191.2	24.1	-	-	191.2	3.6
Global credit	16.9	2.1	301.7	6.8	318.6	6.1
Illiquid credit	47.1	5.9	127.8	2.9	174.9	3.4
Cash	0.1	0.0	-	-	0.1	0.0
Other[1]	58.3	7.4	160.3	3.5	218.6	4.2
Fair value of scheme assets as at 3 April 2021	792.5	100	4,459.4	100	5,251.9	100

[1] Included in Other in the RHM Schemes is £111.2m (2020/21: £106.3m) of assets which were sold in the prior period and await settlement at the year-end date.

[2] Updated to provide enhanced disclosure on the assets within the Other category.

For assets without a quoted price in an active market fair value is determined with reference to net asset value statements provided by third parties.

Where pensions asset valuations were not available at 31 March 2022, as is usual practice, valuations at 31 December 2021 have been rolled forward for cash movements to end of March 2022 to estimate the valuations for these assets. This approach is principally relevant for Infrastructure Funds, Private Equity, Absolute Return Products, Property Assets, Illiquid Credits and Global Credits. Management have applied movements in the market indexes most comparable between 31 December 2021 and 1 April 2022 to project a valuation for assets where the lagged value approach is to be taken. Pension asset valuations are therefore subject to estimation uncertainty due to market volatility, which could result in a material movement in asset values over the next 12 months.

The amounts recognised in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes are as follows:

	At 2 April 2022			**At 3 April 2021**		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	**Premier Schemes £m**	**RHM Schemes £m**	**Total £m**
Present value of funded obligations	**(1,020.2)**	**(3,134.9)**	**(4,155.1)**	(1,175.1)	(3,536.9)	(4,712.0)
Fair value of scheme assets	**826.3**	**4,273.7**	**5,100.0**	792.5	4,459.4	5,251.9
(Deficit)/surplus in schemes	**(193.9)**	**1,138.8**	**944.9**	(382.6)	922.5	539.9

The aggregate surplus of £539.9m has increased to a surplus of £944.9m in the current period. This increase of £405.0m (2020/21: £690.5m decrease) is primarily due to changes in financial assumptions, being higher discount rate offset to a lesser extent by higher inflation assumptions. Further details are provided later in this note.

The disclosures in note 9 represent those schemes that are associated with Premier ('Premier schemes') and those that are associated with ex-RHM companies ('RHM Schemes'). These differ to that disclosed on the balance sheet, in which the schemes have been split between those in an asset position and those in a liability position. The disclosures in note 9 reconcile to those disclosed on the balance sheet as shown below:

	At 2 April 2022			**At 3 April 2021**		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	**Premier Schemes £m**	**RHM Schemes £m**	**Total £m**
Schemes in net asset position	**9.9**	**1,138.8**	**1,148.7**	12.2	922.5	934.7
Schemes in net liability position	**(203.8)**	**-**	**(203.8)**	(394.8)	-	(394.8)
Net (Deficit)/surplus in schemes	**(193.9)**	**1,138.8**	**944.9**	(382.6)	922.5	539.9

Changes in the present value of the defined benefit obligation were as follows:

	Premier Schemes £m	RHM Schemes £m	Total £m
Defined benefit obligation at 28 March 2020	(1,049.6)	(3,240.0)	(4,289.6)
Interest cost	(22.8)	(60.4)	(83.2)
Past service cost	(0.4)	(2.5)	(2.9)
Settlement	27.4	57.8	85.2
Remeasurement loss	(171.6)	(442.8)	(614.4)
Exchange differences	2.6	1.5	4.1
Benefits paid	39.3	149.5	188.8
Defined benefit obligation at 3 April 2021	**(1,175.1)**	**(3,536.9)**	**(4,712.0)**
Interest cost	**(22.7)**	**(68.9)**	**(91.6)**
Past service cost	**(0.1)**	**(0.2)**	**(0.3)**
Settlement	**0.2**	**-**	**0.2**
Remeasurement gain	**139.7**	**333.5**	**473.2**
Exchange differences	**0.5**	**0.2**	**0.7**
Benefits paid	**37.3**	**137.4**	**174.7**
Defined benefit obligation at 2 April 2022	**(1,020.2)**	**(3,134.9)**	**(4,155.1)**

Changes in the fair value of scheme assets were as follows:

	Premier Schemes £m	RHM Schemes £m	Total £m
Fair value of scheme assets at 28 March 2020	774.7	4,745.3	5,520.0
Interest income on scheme assets	16.2	81.4	97.6
Remeasurement gains/(losses)	16.7	(152.6)	(135.9)
Administrative costs	(6.8)	(3.9)	(10.7)
Settlement	(18.1)	(61.1)	(79.2)
Contributions by employer	45.5	1.5	47.0
One-off contribution by employer[1]	7.0	-	7.0
Exchange differences	(3.4)	(1.7)	(5.1)
Benefits paid	(39.3)	(149.5)	(188.8)
Fair value of scheme assets at 3 April 2021	**792.5**	**4,459.4**	**5,251.9**
Interest income on scheme assets	**15.3**	**87.3**	**102.6**
Remeasurement gains/(losses)	**17.5**	**(133.4)**	**(115.9)**
Administrative costs	**(4.2)**	**(2.5)**	**(6.7)**
Settlement	**(0.3)**	**-**	**(0.3)**
Contributions by employer	**40.9**	**0.5**	**41.4**
Additional employer contribution[2]	**2.5**	**-**	**2.5**
Exchange differences	**(0.6)**	**(0.2)**	**(0.8)**
Benefits paid	**(37.3)**	**(137.4)**	**(174.7)**
Fair value of scheme assets at 2 April 2022	**826.3**	**4,273.7**	**5,100.0**

[1] One-off contribution by employer is related to Hovis disposal proceeds due to the Premier Schemes
[2] Contribution by the Group to the Premier Schemes due to the payment of dividends during the year.

The reconciliation of the net defined benefit (deficit)/surplus over the period is as follows:

	Premier Schemes £m	RHM Schemes £m	Total £m
(Deficit)/surplus in schemes at 28 March 2020	(274.9)	1,505.3	1,230.4
Amount recognised in profit or loss	(4.5)	11.3	6.8
Remeasurements recognised in other comprehensive income	(154.9)	(595.4)	(750.3)
Contributions by employer	45.5	1.5	47.0
One-off contribution by employer	7.0	-	7.0
Exchange differences recognised in other comprehensive income	(0.8)	(0.2)	(1.0)
(Deficit)/surplus in schemes at 3 April 2021	**(382.6)**	**922.5**	**539.9**
Amount recognised in profit or loss	**(11.8)**	**15.7**	**3.9**
Remeasurements recognised in other comprehensive income	**157.2**	**200.1**	**357.3**
Contributions by employer	**40.9**	**0.5**	**41.4**
Additional employer contribution[1]	**2.5**	**-**	**2.5**
Exchange differences recognised in other comprehensive income	**(0.1)**	**-**	**(0.1)**
(Deficit)/surplus in schemes at 2 April 2022	**(193.9)**	**1,138.8**	**944.9**

[1]Contribution by the Group to the Premier Schemes due to the payment of dividends during the year.

Remeasurements recognised in the consolidated statement of comprehensive income are as follows:

	2021/22			2020/21		
	Premier Schemes £m	RHM Schemes £m	Total £m	Premier Schemes £m	RHM Schemes £m	Total £m
Remeasurement gain/(loss) on scheme liabilities	**139.7**	**333.5**	**473.2**	(171.6)	(442.8)	(614.4)
Remeasurement gain/(loss) on scheme assets	**17.5**	**(133.4)**	**(115.9)**	16.7	(152.6)	(135.9)
Net remeasurement gain/(loss) for the period	**157.2**	**200.1**	**357.3**	(154.9)	(595.4)	(750.3)

The actual return on scheme assets was a £13.3m loss (2020/21: £38.3m loss), which is £115.9m less (2020/21: £135.9m less) than the interest income on scheme assets of £102.6m (2020/21: £97.6m).

The remeasurement gain on liabilities of £473.2m (2020/21: £614.4m loss) comprises a gain due to changes in financial assumptions of £413.3m (2020/21: £575.1m loss), a loss due to member experience of £3.2m (2020/21: £6.7m gain) and a gain due to demographic assumptions of £63.1m (2020/21: £46.0m loss).

The Group expects to contribute between £4m and £6m annually to its defined benefit schemes in relation to expenses and government levies and £37-39m of additional annual contributions to fund the scheme deficits up to 2 April 2023.

The Group has concluded that it has an unconditional right to a refund of any surplus in the RHM Pension Scheme once the liabilities have been discharged and, that the trustees of the RHM Pension Scheme do not have the unilateral right to wind up the scheme, so the asset has not been restricted and no additional liability has been recognised.

The total amounts recognised in the consolidated statement of profit or loss are as follows:

	2021/22			2020/21		
	Premier Schemes	**RHM Schemes**	**Total**	**Premier Schemes**	**RHM Schemes**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Operating profit						
Past service cost	**(0.1)**	**(0.2)**	**(0.3)**	(0.4)	(2.5)	(2.9)
Settlement (costs)/credits	**(0.1)**	**-**	**(0.1)**	9.3	(3.3)	6.0
Administrative costs	**(4.2)**	**(2.5)**	**(6.7)**	(6.8)	(3.9)	(10.7)
Net interest (cost)/credit	**(7.4)**	**18.4**	**11.0**	(6.6)	21.0	14.4
Total (cost)/credit	**(11.8)**	**15.7**	**3.9**	(4.5)	11.3	6.8

Defined contribution schemes

A number of companies in the Group operate defined contribution schemes, including provisions to comply with auto enrolment requirements laid down by law. In addition, a number of schemes providing life assurance benefits only are operated. The total expense recognised in the statement of profit or loss of £8.0m (2020/21: £7.8m) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

8. Notes to the cash flow statement

Reconciliation of profit before tax to cash flows from operations

	52 weeks ended 2 Apr 2022	53 weeks ended 3 Apr 2021
	£m	£m
Profit before taxation	**102.6**	122.8
Net finance cost	**28.5**	29.8
Operating profit	**131.1**	152.6
Depreciation of property, plant and equipment	**19.2**	19.1
Amortisation of intangible assets	**27.0**	30.4
Loss on disposal of non-current assets	**0.7**	0.4
Impairment of tangible assets	**-**	0.3
Impairment of intangible assets	**-**	0.1
Fair value movements on foreign exchange and other derivative contracts	**(4.4)**	2.3
Reversal of impairment losses on financial assets[1]	**-**	(15.7)
Profit on disposal of investment in associate[1]	**-**	(16.9)
Equity settled employee incentive schemes	**3.4**	3.1
GMP equalisation and past service cost related to defined benefit pension schemes	**0.3**	2.9
Increase in inventories	**(9.3)**	(0.8)
(Increase) / Decrease in trade and other receivables	**(13.1)**	5.7
Increase / (Decrease) in trade and other payables and provisions	**4.1**	(1.6)
Additional employer contribution[2]	**(2.5)**	-
Movement in retirement benefit obligations	**(45.6)**	(63.7)
Cash generated from operations	**110.9**	118.2

[1]On 5 November 2020, the Group completed the sale of its interest in Hovis to Endless LLP. As part of the sale, the group received a total consideration of £37.3m, of which £16.9m was in respect of equity and £20.4m reflected the settlement of the outstanding loan to associate including interest of £4.7m

[2]Contribution by the Group to the Premier schemes due to the payment of dividends during the year.

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Net inflow / (outflow) of cash and cash equivalents	**53.2**	(176.8)
Movement in lease liabilities	**2.5**	2.9
(Increase) / decrease in borrowings	**(10.0)**	275.0
Debt issuance costs in the period	**8.5**	
Other non-cash movements	**(6.5)**	(4.2)
Decrease in borrowings net of cash	**47.7**	96.9
Total net borrowings at beginning of period	**(332.7)**	(429.6)
Total net borrowings at end of period	**(285.0)**	(332.7)

Analysis of movement in borrowings

	As at 3 Apr 2021 £m	Cash flows £m	Non-cash interest expense £m	Other non-cash movements £m	As at 2 Apr 2022 £m
Bank overdrafts	(3.1)	3.1	-	-	**-**
Cash and bank deposits	4.2	50.1	-	-	**54.3**
Net cash and cash equivalents	1.1	53.2	-	-	**54.3**
Borrowings - revolving credit facilities	-	-	-	-	**-**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2023	(300.0)	300.0	-	-	**-**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2026	-	(330.0)	-	-	**(330.0)**
Borrowings - Senior Secured Floating Rate Notes maturing July 2022	(20.0)	20.0	-	-	**-**
Lease liabilities	(18.6)	3.3	(0.7)	(0.1)	**(16.1)**
Gross borrowings net of cash[1]	(337.5)	46.5	(0.7)	(0.1)	**(291.8)**
Debt issuance costs[2]	4.8	8.5	-	(6.5)	**6.8**
Total net borrowings[1]	(332.7)	55.0	(0.7)	(6.6)	**(285.0)**
Total net borrowings excluding lease liabilities[1]	(314.1)	51.7	-	(6.5)	**(268.9)**

[1] Borrowings exclude derivative financial instruments.
[2] The non-cash movement in debt issuance costs relates to the amortisation of capitalised borrowing costs only.

The Group has the following cash pooling arrangements in sterling, euros and US dollars, where both the Group and the bank have a legal right of offset.

	As at 2 Apr 2022			As at 3 Apr 2021		
	Offset asset	Offset liability	Net offset asset	Offset asset	Offset liability	Net offset asset
Cash, cash equivalents and bank overdrafts	**8.1**	**0.0**	**8.1**	138.2	(141.3)	(3.1)

9. Bank and other borrowing

	As at 2 Apr 2022 £m	As at 3 Apr 2021 £m
Current:		
Bank overdrafts	**-**	(3.1)
Lease liabilities	**(2.1)**	(2.3)
Total borrowings due within one year	**(2.1)**	(5.4)
Non-current:		
Lease liabilities	**(14.0)**	(16.3)
	(14.0)	(16.3)
Transaction costs[1]	**6.8**	4.8
	6.8	4.8
Senior secured notes	**(330.0)**	(320.0)
	(330.0)	(320.0)
Total borrowings due after more than one year	**(337.2)**	(331.5)
Total bank and other borrowings	**(339.3)**	(336.9)

[1]Included in transaction costs is £1.9m (2020/21: £2.6m) relating to the revolving credit facility.

Secured senior credit facility – revolving

During the period, the Group entered into a new revolving credit facility (RCF) with an updated lending group for a period of three years from May 2021 with the option of extending for up to two additional years, which led to a write off of previously capitalised transaction fees of £2.3m. The RCF of £175m attracts a leverage-based margin of between 2.0% and 4.0% above SONIA. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

The covenant package attached to the revolving credit facility is:

	Net debt / EBITDA[1]	**Net debt / Interest[1]**
2021/22 FY	3.50x	3.00x
2022/23 FY	3.50x	3.00x

[1]Net debt, EBITDA and Interest are as defined under the revolving credit facility.

On 18 May 2022, the Group announced that it had extended the period of its revolving credit facility (RCF) by one year to May 2025 with the same lending group. See note 15 for further details.

Senior secured notes

During the period, the Group issued new Senior Secured Fixed Rate Notes maturing October 2026. The senior secured notes are listed on the Irish GEM Stock Exchange. The notes totalling £330m mature in October 2026 and attract an interest rate of 3.5%. The gross proceeds were used to redeem £300m Senior Secured Fixed Rate Notes maturing October 2023, which led to the write off of previously capitalised transaction fees of £1.9m and an early redemption fee of £4.7m.

During the period, the Group also redeemed the remaining £20m Senior Secured Floating Rate Notes maturing July 2022. This redemption led to the write off of previously capitalised transaction fees of £0.1m.

Lease liabilities

The following table analyses the Group's lease liabilities into relevant maturity groupings based on the contractual undiscounted cash flows.

	Within 1 year £m	1 and 2 years £m	2 and 3 years £m	3 and 4 years £m	4 and 5 years £m	Over 5 years £m	Total £m
At 2 April 2022							
Lease liabilities	**(2.9)**	**(2.6)**	**(2.5)**	**(2.2)**	**(1.5)**	**(19.1)**	**(30.8)**
At 3 April 2021							
Lease liabilities	(3.2)	(2.8)	(2.5)	(2.4)	(2.2)	(20.6)	(33.7)

Cash outflows of £3.3m (2020/21: £2.7m) in relation to repayments of lease liabilities have been included in the consolidated statement of cash flows.

10. Financial instruments

The following table shows the carrying amounts (which approximate to fair value except as noted below) of the Group's financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Set out below is a summary of methods and assumptions used to value each category of financial instrument.

	As at 2 April 2022		As at 3 April 2021	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets not measured at fair value:				
Cash and cash equivalents	**54.3**	**54.3**	4.2	4.2
Financial assets at amortised cost:				
Trade and other receivables	**65.7**	**65.7**	49.4	49.4
Financial assets at fair value through profit or loss:				
Trade and other receivables	**3.3**	**3.3**	2.5	2.5
Derivative financial instruments				
– Forward foreign currency exchange contracts	**0.1**	**0.1**	-	-
– Commodity and energy derivatives	**2.3**	**2.3**	0.1	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**(0.3)**	**(0.3)**	(2.3)	(2.3)
Financial liabilities at amortised cost:				
Trade and other payables	**(247.4)**	**(247.4)**	(243.8)	(243.8)
Senior secured notes	**(330.0)**	**(305.8)**	(320.0)	(326.6)
Bank overdraft	**-**	**-**	(3.1)	(3.1)

The following table presents the Group's assets and liabilities that are measured at fair value using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	As at 2 April 2022		As at 3 April 2021	
	Level 1	**Level 2**	Level 1	Level 2
	£m	**£m**	£m	£m
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**0.1**	-	-
– Commodity and energy derivatives	**-**	**2.3**	-	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**(0.3)**	-	(2.3)
Financial liabilities at amortised cost:				
Senior secured notes	**(305.8)**	**-**	**(326.6)**	-

11. Dividends

The following dividends were declared and paid during the period:

	52 weeks ended 2 Apr 2022 £m	53 weeks ended 3 Apr 2021 £m
Ordinary final of 1.0 pence per ordinary share (2020/21: nil) paid 30 July 2021	**8.5**	-

After the balance sheet date, a final dividend for 2021/22 of 1.2 pence per qualifying ordinary share (2020/21: 1.0 pence) was proposed for approval at the Annual General Meeting on 20 July 2022 and will be payable on 29 July 2022. Dividend distributions are recognised as a liability in the period in which the dividends are approved by Group's shareholders.

12. Related party transactions

There has been no material change to transactions with related parties during the period.

13. Subsequent events

On 18 May 2022 the Group announced that it had extended the period of its revolving credit facility (RCF) by one year to May 2025 with the same lending group. The covenant package attached to the RCF and tested bi-annually is unchanged (see note 11 for details).

On 18 May 2022, the directors have proposed a final dividend for the period ended 2 April 2022 for approval at the Annual General Meeting.