16 November 2022

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

Half year results for the 26 weeks ended 1 October 2022

Strong first half, expectations for full year on track

Financial headlines

Headline measures (excluding *The Spice Tailor*)

- Group revenue up +6.2%, Q2 revenue up +6.4%
- Branded revenue growth up +3.9% in H1 and +3.6% in Q2
- Trading profit[1] up +6.2%, margins maintained in line with prior year
- Adjusted profit before tax up +11.9%, adjusted earnings per share up +11.4%

Statutory measures (including *The Spice Tailor*)

- Group revenue up +6.6%
- Statutory profit before tax up +37.1%
- Basic earnings per share of 4.2p, up +68.0%
- Combined pensions surplus of £961.8m, up +1.8% compared to 2 April 2022

Strategic & operational headlines

- Branded growth model delivered 5.0% average UK branded revenue growth over last three years
- Gross margins in line with last year as input cost inflation offset by cost savings and increased pricing
- International revenue growth up +11%[8] with broad based growth in target markets
- Doubled new categories revenue through brand extensions including Rubs & Marinades, Ice-cream and Porridge
- Completed highly complementary acquisition of *The Spice Tailor*
- On track to deliver full year expectations

Headline results (£m)	FY22/23 H1	FY21/22 H1	% change
Revenue	418.6	394.1	6.2%
Trading profit[1]	56.7	53.4	6.2%
Adjusted profit before taxation[4]	47.0	42.0	11.9%
Adjusted earnings per share[7] (pence)	4.4	4.0	11.4%
Net debt[10] (includes *The Spice Tailor*)	337.7	345.0	2.1% lower

Statutory measures (£m)	FY22/23 H1	FY21/22 H1	% change
Revenue	419.9	394.1	6.6%
Profit before taxation	42.1	30.7	37.1%
Profit after taxation	36.1	21.0	71.9%
Basic earnings per share (pence)	4.2	2.5	68.0%

Alternative performance measures above are defined on pages 13-14 and reconciled to statutory measures throughout
Headline results presented for FY22/23 H1 exclude ownership of *The Spice Tailor*. Statutory measures include one months' ownership of *The Spice Tailor* for FY22/23 H1.
Trading profit is stated including software amortisation; FY21/22 H1 comparative is re-stated accordingly
Reconciliations for Revenue and Trading profit between statutory and headline measures are provided in the appendices

Alex Whitehouse, Chief Executive Officer

"We have again made very good financial and strategic progress in the first half of this year, reporting strong Group and branded revenue growth in what continues to be a challenging environment. Our margins were in line with last year, and we delivered adjusted PBT growth of nearly 12% due to our consistently good trading performance and lower interest costs following our refinancing in H1 last year."

"We continue to deliver against our five pillar growth strategy: our UK Branded revenue has now grown 5% on average over the last three years; we continue to invest in our supply chain to drive efficiencies; revenue from extending our brands into new categories more than doubled, and International revenue increased by 11%[8]. Additionally, we have welcomed the highly complementary brand The Spice Tailor into our portfolio in the first half; our first acquisition for over 15 years."

"The financial resilience of the Group is illustrated by our strong underlying cash generation, our 2026 dated fixed rate bonds following our 2021 refinancing, continued commitment to a leverage target of 1.5x and limited direct exposure to the US Dollar."

"The current economic climate is undoubtedly challenging for consumers, and our broad range of affordable brands have always played a key role for families when times are tough. With people starting to eat out less, they often find the best restaurant in town is at home, where you can make nutritious and tasty meals more affordably. In this environment, our portfolio of brands continues to display strong momentum and are well placed to deliver further growth."

"As we look to the second half of the year, we will be launching more consumer insight driven new products such as Plantastic branded Millionaire Flapjacks, Mr Kipling Brownie Bites and pigs-in-blanket flavour Bisto granules for Christmas, in addition to further advertising behind our major brands. A big feature of our brand activation will be helping people cook and prepare affordable meals at home for just £1 per serving through our "Best Restaurant in Town" campaign."

"We continue to see further input cost inflation, which we expect to recover through a combination of cost savings and our annual price increase in quarter four this year. Following a strong first half and with good momentum as we enter H2, we are on track to deliver on expectations for FY22/23."

Environmental, Social and Governance (ESG)

The Group unveiled its 'Enriching Life Plan' ESG strategy just over a year ago and has made strong progress. The 'Enriching Life Plan' 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.

Under the product pillar, a unique, full range of non-HFSS (non-high fat, salt & sugar) *Mr Kipling* Deliciously Good cakes have been launched this year. A category first, not only do these cakes benefit from 30% less sugar and lower fat, they are also made with higher levels of fibre and fruit compared with the standard *Mr Kipling* range. Additionally, the percentage of total packaging and plastics which are recyclable across the Group have now reached 96% and 80% respectively. Progress in the planet workstreams includes the submission of emissions targets to SBTi for validation, and also being promoted to Tier 1 of the Business Benchmark on Farm Animal Welfare (BBFAW) for the first time. In the people pillar, mental health awareness training has been completed by 93% of the Group's management population, we have also agreed a new corporate charity partnership with FareShare and launched a colleague volunteering scheme.

Outlook

Following the delivery of a strong financial performance in the first half of the year, the Group takes good momentum into H2 as it continues to successfully navigate the evolving macroeconomic climate. As it looks ahead to the second half, it has plans for more consumer-insight driven new product launches and further brand investment. With its leading portfolio of affordable brands, the Group considers it is well placed to perform well in the current challenging environment and it remains on track to deliver on expectations for the full year. In the medium term, the Group will continue to realise further shareholder value through the ongoing delivery of its five pillar growth strategy and its target of 1.5x Net debt/EBITDA remains unchanged.

Strategy overview

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

1. **Continue to grow the UK core business**
   We have a well established 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. Leveraging our leading category positions, we launch new products to market driven by consumer trends, support our brands with sustained levels of marketing investment and foster strong customer and retailer partnerships.
   Proof point: *Three-year average H1 growth rate for UK branded revenue of 5.0%.*

2. **Supply chain investment**
   We invest in operational infrastructure to increase efficiency and productivity 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.
   Proof point: *Two new manufacturing lines in Ashford and Lifton sites, respectively; new case packer and auto-palletiser in Stoke and Carlton sites.*

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.
   Proof point: *Revenue growth of products in new categories doubled in H1 compared to the prior year.*

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*, *Sharwood's* and *The Spice Tailor*.

Proof point: Revenue growth of 11%[8] in first half of the year.

5. Inorganic opportunities

We will utilise our brand building and commercial expertise to expand across a wider portfolio, accelerating value creation through bolt-on and targeted acquisition opportunities.

Proof point: Completed The Spice Tailor acquisition in the period.

Further information

A presentation to investors and analysts will be webcast today at 9:00am GMT.
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, 16 November 2022, at 1:30pm GMT. Dial in details are outlined below:

Telephone:	0800 640 6441 (UK toll free)
	+44 20 3936 2999 (standard international access)
Access code:	474168

A factsheet providing an overview of the Half year 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/

Further information on the 'Best Restaurant in Town' can be found at:
www.bestrestaurantintown.co.uk/

As one of Britain's largest food producers, 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, Ox*o 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'.

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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

Overview

£m	FY22/23 H1	FY21/22 H1	% change
Branded revenue	358.3	345.0	3.9%
Non-branded revenue	60.3	49.1	22.8%
Group revenue	**418.6**	**394.1**	**6.2%**
Divisional contribution[2]	83.5	77.0	8.4%
Divisional contribution margin	*19.9%*	*19.5%*	*+0.4ppts*
Trading profit[1]	**56.7**	**53.4**	**6.2%**
Trading profit margin	*13.5%*	*13.5%*	*0.0ppt*
Adjusted EBITDA	68.5	67.1	2.1%
Adjusted profit before tax	47.0	42.0	11.9%
Adjusted earnings per share (pence)	4.4	4.0	11.4%
Basic earnings per share (pence)	4.2	2.5	68.0%

The table above is presented excluding the impact of The Spice Tailor, with the exception of Basic earnings per share

Group revenue (excluding *The Spice Tailor*) increased by 6.2% in the first half of the year, with branded revenue ahead 3.9% and non-branded revenue up 22.8%. Growth was consistently strong across the period, with quarter 1 and quarter 2 revenue growth of 6.0% and 6.4% respectively. Divisional contribution grew by 8.4% to £83.5m, as margins expanded by 40 basis points. Trading profit increased by 6.2% to £56.7m, with group and corporate costs rising, reflecting wage and salary inflation, additional strategic roles and a provision release in the prior year. Adjusted profit before tax and adjusted earnings per share increased by 11.9% and 11.4% respectively, reflecting lower interest costs. Basic earnings per share (including *The Spice Tailor*) increased by 68.0% from 2.5p to 4.2p in the period.

Group revenue including one month's contribution from *The Spice Tailor* increased by 6.6% in H1 and by 7.1% in Q2.

Trading performance

Grocery

£m	FY22/23 H1	FY21/22 H1	% change
Branded revenue	256.1	244.9	4.6%
Non-branded revenue	46.9	39.2	19.5%
Total revenue	**303.0**	**284.1**	**6.7%**
Divisional contribution[2]	70.2	64.3	9.2%
Divisional contribution margin	*23.1%*	*22.6%*	*+0.5ppts*

The table above is presented excluding the impact of The Spice Tailor

Revenue in the Grocery business (excluding *The Spice Tailor*) increased by 6.7% in the first half of the year to £303.0m. Branded revenue grew by 4.6% to £256.1m while non-branded revenue increased by 19.5%. Divisional contribution was £70.2m, a 9.2% increase on the comparative period, with margins expanding by 50 basis points.

In the second quarter, Grocery revenue increased by 6.9%, demonstrating the consistency of top-line growth through the period, with branded revenue up 4.6% and non-branded revenue ahead 21.8%. Market share grew by 34 basis points in the first half of the year, illustrating the strength and resilience of the Group's portfolio as consumers budgets are becoming increasingly stretched. Non-branded revenue growth reflected strong pricing benefits, the recovery of out of home business to business volumes and contract wins.

The Group's branded growth model leverages the strength of its market leading brands, launching insightful new products, supporting the brands with emotionally engaging advertising and building strategic retail partnerships. Branded revenues in the UK have grown by 5.0% on a three-year compound annual growth rate basis, serving to illustrate the success of this strategy.

In the first half of the year, *Batchelors, Loyd Grossman, Sharwood's, Homepride* and *Nissin* all delivered particularly strong year on year growth. New product development, driven by key consumer trends included *Homepride* pasta bakes, *Sharwood's* East Asian cooking sauces, *Batchelors* pasta 'n' sauce chef specials and *Ambrosia* Deluxe custard pots.

One of the Group's key growth strategies' is to expand into adjacent categories, leveraging the Group's strong brand equities. In the first half of this year, revenues from products launched in new categories more than doubled. Significant contributors to this performance have been a range of ice-creams, extending the *Mr Kipling, Ambrosia* and *Angel Delight* brands and also ready to eat Porridge under the *Ambrosia* brand. In Ice-cream, the Group has become the launch customer's second largest branded supplier in the category and has already developed a 16% market share. *Ambrosia* Porridge has become a key brand in the ready to eat porridge category, with a 11% market share in one major retailer.

Further exciting product innovation still to come in H2 includes *Plantastic* protein pots and creamy pasta sauces, *Sharwood's* 60% less fat Poppadoms and *Bisto* Best meat free gravy.

Sweet Treats

£m	FY22/23 H1	FY21/22 H1	% change
Branded revenue	102.2	100.1	2.1%
Non-branded revenue	13.4	9.9	35.8%
Total revenue	**115.6**	**110.0**	**5.1%**
Divisional contribution[2]	13.3	12.7	4.7%
Divisional contribution margin	*11.5%*	*11.5%*	*(0.0ppt)*

Sweet Treats revenue increased by 5.1% in the first half of the year compared to the prior period. Branded revenue grew by 2.1% while non-branded revenue increased by over 35%. The particularly strong growth in non-branded revenue of 35.8% was due to pricing benefits of existing ranges and contract wins in pies and tarts and seasonal ranges. Growth in the second quarter was similar to the first half, with revenue growing by 5.2%. Divisional contribution also increased year on year, up 4.7% to £13.3m, with margins in line with the prior period. Revenue growth reflected pricing to recover input cost inflation, partly offset by lower volumes due to less promotional activity in the period. Consequently, market share was also lower, although this is expected to be a temporary effect.

In the first half of the year, the newly launched non-HFSS (non-high fat, salt & sugar) *Mr Kipling* Deliciously Good cake range received a very strong response from consumers. This groundbreaking new range is a clear demonstration of how the Group is delivering against the Group's 'Enriching Life Plan' ESG strategy and offers consumers further healthier options to support healthier lifestyles. The range, which comes in seven different variants, is made with 30% less sugar and lower fat and benefits from a higher content of fibre and fruit compared with the standard *Mr Kipling* range. These cakes are the only full range which can be promoted on end of aisles and at front of store in large supermarkets, under new legislation. The Deliciously Good range was also pivotal in delivering weighted branded distribution growth (the number of major retailer listings, weighted by store size), in Sweet Treats for the 26 weeks to 1 October 2022 (Source: IRI).

The Sweet Treats business also benefitted from a fresh new TV campaign for *Mr Kipling*, the 'Piano' advert, continuing the strategy under the brand growth model of building emotional connections with consumers.

Looking ahead to the second half of the year, innovation to be launched to market includes *Mr Kipling* Brownie Bites, *Cadbury* celebration cakes, and *Plantastic* Millionaire Flapjacks, to expand the Group's presence in these parts of the cake market.

International

International performance was strong again, with revenue growth of 11%[8] compared to the prior period. This growth was broad based across the Group's target markets of Australia, Canada, Europe, Ireland and the USA. The key focus brands which the Group considers possess the greatest potential for long-term international growth, are *Sharwood's*, *Mr Kipling* and *The Spice Tailor*. In the period, *Sharwood's* and *Mr Kipling* grew by 28% and 11% respectively.

The Group's strategy of building sustainable businesses in its target markets is progressing well. In Australia, the *Mr Kipling* and *Cadbury cake* brands have collectively delivered the Group's highest ever share of the cake market in recent months and reached 16.6% during H1. Additionally, and following the acquisition of *The Spice Tailor,* the International's business reach in the Australian ethnic cooking sauces market is significantly enhanced, and presents further opportunity for growth.

In Canada, revenue grew by over 40% in the period and 30 new product lines of *Sharwood's* and *The Spice Tailor* products have recently achieved new listings in a leading North American retailer. In the USA, *Sharwood's* revenue increased by well over 50%, due to healthier ranges performing strongly in market. The *Mr Kipling* test in the USA continues with encouraging rate of sale KPIs.

Ireland delivered strong revenue growth in major multiple retailers, especially through *Nissin* which grew 80%, although this was offset by some industry wide supply chain issues in the convenience channel of the market. Europe continues to deliver distribution gains for *Sharwood's*, entering the Netherlands for the first time and expanding presence in Spain and Germany.

Operating profit

Growth in Trading profit of £3.3m, to £56.7m, was offset by non-trading items of £4.7m, predominantly reflecting M&A advisory costs and other one-off supply chain charges. Brand amortisation was £10.3m in the first half of the year and movement in the fair valuation of foreign exchange and derivative contracts was a credit of £0.7m. Net interest on pensions and administrative expenses was a credit of £8.5m in the period. Other non-trading income of £2.6m in the prior period related primarily to the successful resolution of a legacy legal matter. Consequently, Operating profit for the first half was £50.9m compared to £51.3m in the comparative period.

Finance costs

Net finance cost was £8.8m in the period, a reduction of £11.8m compared to the prior period. This was primarily due to the accelerated amortisation of debt issuance costs (£4.3m) and the early redemption of the Group's now retired £300m 2023 dated Fixed Rate Notes (£4.7m) in the comparative period. Net regular interest, the definition used for adjusted earnings per share, was £9.7m in H1, £1.7m lower than the prior period. This reduction was principally due to lower Senior secured notes interest charges following redemptions of the Group's now retired 2022 Floating Rate Notes ("FRN"), partly offset by slightly higher SONIA on the Group's revolving credit facility and its debtors securitisation facility. Interest on the Group's Senior secured notes declined by £1.9m to £5.8m in the first half of the year compared to the prior period.

Taxation

The taxation charge for the 26 weeks ended 1 October 2022 of £6.0m (2021/22: £9.7m) comprised primarily a charge on operating activities of £8.0m (2021/22: £5.8m) and adjustments to remeasure the opening deferred tax balances, due to the increase in the rate of UK corporation tax from the current level of 19% to 25% effective from April 2023.

The Group currently 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 has now recommenced paying cash tax in low single digit £millions.

Earnings per share

£m	FY22/23 H1	FY21/22 H1	% change
Operating profit	50.9	51.3	(0.8%)
Net finance cost	(8.8)	(20.6)	57.3%
Profit before taxation	**42.1**	**30.7**	**37.1%**
Taxation	(6.0)	(9.7)	38.1%
Profit after taxation	36.1	21.0	71.9%
Average shares in issue (million)	860.3	856.9	0.4%
Basic Earnings per share (pence)	**4.2**	**2.5**	**68.0%**

The Group reported profit before tax of £42.1m in the period, an increase of £11.4m compared to FY21/22 H1. Profit after tax in the first half of the year grew by £15.1m to £36.1m and basic earnings per share increased by 68.0% to 4.2 pence.

Cash flow

The Group reported an outflow of cash during the period of £55.5m, largely due to £43.8m paid to acquire *The Spice Tailor*. Trading profit of £56.7m was £3.3m higher than the prior year for the reasons outlined above, while depreciation including software amortisation was £11.8m. The first half of the year saw a working capital outflow of

(£28.6m), largely due to higher stock valuation levels reflecting inflation of raw materials and seasonal stock build requirements.

Net interest paid was £9.7m (FY21/22 H1: £14.6m), largely due to a lower coupon on the Group's Fixed Rate Notes. Pension deficit contribution payments were £18.9m in the period and administration cash costs were £1.8m, totalling £20.7m cash outflow to the schemes.

Capital expenditure in the period was £6.3m. In the full year, the Group expects capital expenditure to be approximately £30m, as it looks to accelerate investment across the supply chain in the medium term. Such investment is planned to be in 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 that through improving operational efficiency, the resultant increase in gross margin provides 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. Projects completed in the first half of the year include automation solutions at the Group's cake manufacturing sites; an end of line auto case packer at the Stoke site was installed in addition to an auto palletiser at Carlton, South Yorkshire.

On a statutory basis, cash generated from operating activities was £6.9m (2021/22: £13.5m) after deducting net interest paid of £9.7m and tax of £0.4m. Cash generated from financing activities was £12.7m in the period after a £10.3m dividend payment to shareholders. A dividend match payment to the Group's pension schemes of £2.7m was made in the period. The cash generated from financing activities in the first half of the prior year included the proceeds from the issuance of the Group's £330m 2026 dated 3.5% Fixed Rate Notes in the period and the retirement of previously issued Fixed and Floating Rate Notes.

Net debt at 1 October 2022 was £337.7m, an decrease of £7.3m compared to FY21/22 H1 and an increase of £52.7m compared to 2 April 2022. As at 1 October 2022, the Group held cash and bank deposits of £23.8m and had drawn £25.0m on its £175m revolving credit facility.

Pensions

IAS 19 Accounting Valuation (£m)		**1 October 2022**			**2 April 2022**	
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	3,251.1	584.3	3,835.4	4,273.7	826.3	5,100.0
Liabilities	(2,155.2)	(718.4)	(2,873.6)	(3,134.9)	(1,020.2)	(4,155.1)
Surplus/(Deficit)	**1,095.9**	**(134.1)**	**961.8**	**1,138.8**	**(193.9)**	**944.9**
Net of deferred tax (25%)	821.9	(100.6)	721.3	854.1	(145.4)	708.7

The combined RHM and Premier Foods' pension schemes were in a £961.8m surplus at 1 October 2022, a £16.9m increase compared to six months earlier. This is equivalent to a surplus of £721.3m net of a deferred tax charge of 25.0%. Asset values and liabilities fell in both sections of the schemes due to the hedging in place. Liabilities fell by more than assets in the Premier Foods section leading to an overall increase in the combined surplus. The movement in liabilities was impacted by the increase in discount rate applied, from 2.75% to 5.25%, reflecting recent rises in UK corporate bond yields. Asset values were lower across a number of asset classes, not least Government bonds, also due to recent market movements.

A deferred tax rate 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.

Assets in the combined schemes decreased by £1,264.6m, or by 24.8%, to £3,835.4m in the period. RHM scheme assets reduced by £1,022.6m to £3,251.1m while the Premier Foods' schemes assets decreased by £242.0m to £584.3m. In the combined schemes, liabilities decreased by £1,281.5m, or 30.8%, to £2,873.6m. The RPI inflation rate assumption used increased by ten basis points to 3.7%, compared to 3.6% as at 2 April 2022.

There were no issues encountered by the pension scheme as a result of LDI asset collateral calls due to recent volatility in financial markets.

The Triennial actuarial valuation of the pension schemes as at 31 March 2022 remains ongoing and the Group will provide an update on the conclusion of this valuation in due course. The net present value of future pension deficit contributions to the end of the recovery periods, is in the range of £240-260m[13].

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 Group's principal risks and uncertainties were disclosed on page 51 to 57 of the annual report and accounts for the financial period ended 2 April 2022 and these remain relevant for the current period. The major strategic and operational risks are summarised under the headings of Macroeconomic and geopolitical instability, Impact of Government legislation, Market and retailer actions, Operational integrity, Legal compliance, Climate risk, Technology, Product portfolio, HR and employee risk, Strategy delivery. The Group notes the increase since the year end of the widely reported macro-economic and industry wide supply chain environment issues which it continues to navigate successfully through. In particular, the Group acknowledges risks around recent rises in input cost inflation and potential changes in consumer behaviour.

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Appendices

The Company's Half year results are presented for the 26 weeks ended 1 October 2022 and the comparative period, 26 weeks ended 2 October 2021. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 1 October 2022 and the comparative periods, 13 weeks ended 2 October 2021.

Quarter 2 and H1 Sales

Q2 Sales (£m)		FY22/23 H1	
	Excluding *The Spice Tailor*	*The Spice Tailor*	Including *The Spice Tailor*
Grocery			
Branded	136.8	1.3	138.1
Non-branded	24.5	0.0	24.5
Total	**161.3**	**1.3**	**162.6**
Sweet Treats			
Branded	51.9	0.0	51.9
Non-branded	8.4	0.0	8.4
Total	**60.3**	**0.0**	**60.3**
Group			
Branded	188.7	1.3	190.0
Non-branded	32.9	0.0	32.9
Total	**221.6**	**1.3**	**222.9**
% change vs prior year			
Grocery			
Branded	4.6%		5.6%
Non-branded	21.8%		21.8%
Total	6.9%		7.8%
Sweet Treats			
Branded	1.0%		1.0%
Non-branded	42.7%		42.7%
Total	5.2%		5.2%
Group			
Branded	3.6%		4.3%
Non-branded	26.5%		26.5%
Total	6.4%		7.1%

H1 Sales (£m)		FY22/23 H1	
	Excluding *The Spice Tailor*	*The Spice Tailor*	Including *The Spice Tailor*
Grocery			
Branded	256.1	1.3	257.4
Non-branded	46.9	0.0	46.9
Total	**303.0**	**1.3**	**304.3**
Sweet Treats			
Branded	102.2	0.0	102.2
Non-branded	13.4	0.0	13.4
Total	**115.6**	**0.0**	**115.6**
Group			
Branded	358.3	1.3	359.6
Non-branded	60.3	0.0	60.3
Total	**418.6**	**1.3**	**419.9**
% change vs prior year			
Grocery			
Branded	4.6%		5.1%
Non-branded	19.5%		19.5%
Total	6.7%		7.1%
Sweet Treats			
Branded	2.1%		2.1%
Non-branded	35.8%		35.8%
Total	5.1%		5.1%
Group			
Branded	3.9%		4.3%
Non-branded	22.8%		22.8%
Total	6.2%		6.6%

Divisional contribution & Trading profit (£m)	Excluding *The Spice Tailor*	*The Spice Tailor*	Including *The Spice Tailor*
FY22/23 H1			
Divisional contribution[2]			
Grocery	70.2	(0.0)	70.2
Sweet Treats	13.3	-	13.3
Total	83.5	(0.0)	83.5
Group & corporate costs	(26.8)	(0.0)	(26.8)
Trading profit[1]	**56.7**	**(0.0)**	**56.7**
FY21/22 H1			
Divisional contribution[2]			
Grocery	64.3	-	64.3
Sweet Treats	12.7	-	12.7
Total	77.0	-	77.0
Group & corporate costs	(23.6)	-	(23.6)
Trading profit[1]	**53.4**	-	**53.4**

EBITDA to Operating profit reconciliation (£m)	**FY22/23 H1**	**FY21/22 H1**
Adjusted EBITDA[3]	**68.5**	**67.1**
Depreciation	(9.3)	(9.3)
Trading profit – Old definition	**59.2**	**57.8**
Software amortisation	(2.5)	(4.4)
Trading profit – New definition	**56.7**	**53.4**
Amortisation of brand assets	(10.3)	(9.9)
Fair value movements on foreign exchange & derivative contracts	0.7	3.0
Net interest on pensions and administrative expenses	8.5	2.2
Non-trading items	(4.7)	2.6
Operating profit	**50.9**	**51.3**

Finance costs (£m)	**FY22/23 H1**	**FY21/22 H1**	**Change**
Senior secured notes interest	5.8	7.7	1.9
Bank debt interest – net	3.0	2.5	(0.5)
	8.8	10.2	1.4
Amortisation of debt issuance costs	0.9	1.2	0.3
Net regular interest[5]	**9.7**	**11.4**	**1.7**
Write-off of financing costs	-	4.3	4.3
Early redemption fee	-	4.7	4.7
Re-measurement due to discount rate change	(1.3)	-	1.3
Other finance cost	0.4	0.4	0.0
Other finance income	-	(0.2)	(0.2)
Net finance cost	**8.8**	**20.6**	**11.8**

Adjusted earnings per share (£m)	**FY22/23 H1**	**FY21/22 H1**	**Change**
Trading profit[1]	56.7	53.4	6.2%
Less: Net regular interest[5]	(9.7)	(11.4)	14.7%
Adjusted profit before tax	**47.0**	**42.0**	**11.9%**
Less: Notional tax (19%)	(8.9)	(8.0)	(11.9%)
Adjusted profit after tax[6]	38.1	34.0	11.9%
Average shares in issue (millions)	860.3	856.9	0.4%
Adjusted earnings per share (pence)	**4.4**	**4.0**	**11.4%**

Net debt (£m)	Post-IFRS 16
Net debt at 2 April 2022	**285.0**
Movement in cash	55.5
Movement in debt issuance costs	0.3
Movement in lease creditor	(3.1)
Net debt at 1 October 2022	**337.7**

Free cash flow (£m)	FY22/23 H1	FY21/22 H1
Trading profit[1]	56.7	53.4
Depreciation & software amortisation	11.8	13.7
Other non-cash items	1.8	1.4
Capital expenditure	(6.3)	(6.3)
Working capital	(28.6)	(23.2)
Operating cash flow[15]	**35.4**	**39.0**
Interest	(9.7)	(14.6)
Pension contributions	(20.7)	(19.5)
Free cash flow[10]	**5.0**	**4.9**
Non-trading items	(2.7)	2.0
Net proceeds from share issue	0.1	0.6
Re-financing fees	(0.7)	(13.2)
Taxation	(0.4)	-
Dividend (including pensions match)	(13.0)	(11.0)
Acquisition	(43.8)	-
Movement in cash	**(55.5)**	**(16.7)**
Repayment of borrowings	-	(320.0)
Proceeds from borrowings	25.0	344.0
Net (decrease)/increase in cash and cash equivalents	**(30.5)**	**7.3**

Notes and definitions of alternative performance measures

The Company uses a number of alternative performance measures to measure and assess the financial performance of the business. The directors believe that these alternative performance measures assist in providing additional useful information on the underlying trends, performance and position of the Group. These alternative performance 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 brand assets, non-trading items (items requiring 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), fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administration expenses and past service costs. The revised definition of Trading profit includes software amortisation as the Group considers this should be treated in the same way as tangible asset depreciation for definitional purposes. FY21/22 H1 has been re-stated accordingly.
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 and software amortisation.
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% (2021/22: 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 860.3 million (26 weeks ended 2 October 2021: 856.9 million).
8. International sales exclude *The Spice Tailor* and remove the impact of foreign currency fluctuations and adjusts prior 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. The constant currency adjustment is calculated by applying a blended rate.

£m	Reported	Adjustment	Constant currency
FY22/23 H1	26.7	0.1	26.8
FY21/22 H1	24.2	N/A	24.2
Growth/(decline) %	10.5%		10.7%

9. 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.
10. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
11. 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, tax, acquisitions and non-trading items.
12. IRI, 24 weeks ended 1 October 2022.
13. The schedule of future contributions are as agreed per the 2021 actuarial funding valuation for the Premier Foods sections, discounted using the Company post tax WACC of 7.4%, as stated in the 2022 Annual Report.
14. Acquisition accounting pertaining to *The Spice Tailor* acquisition can be found in Note 17 of the financial statements.
15. Operating cash flow excludes interest and pension contributions.

<u>Additional notes:</u>

- 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 brand asset amortisation and impairment are excluded from Trading profit because they are non-cash items.
- Non-trading items 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 reported segment and are disclosed at total Group level.
- In line with accounting standards, the International and *The Spice Tailor* operating segments, the results of which are aggregated within the Grocery reported segment, are not required to be separately disclosed for reporting purposes.

Statement of directors' responsibilities

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

- an indication of important events that have occurred during the 26 weeks period ended 1 October 2022 and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial period; and

- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

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

The directors of Premier Foods plc are listed on pages 62-63 of the Premier Foods plc annual report and accounts for the 52 weeks period ended 2 April 2022. A list of current directors is maintained on the Premier Foods plc's website: www.premierfoods.co.uk

Approved by the Board on 16 November 2022 and signed on its behalf by:

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

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

Our conclusion

We have reviewed Premier Foods plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half year results of Premier Foods plc for the 26 week period ended 1 October 2022 (the "period").

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

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 1 October 2022;
- the Condensed consolidated statement of profit or loss and the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated statement of cash flows for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 November 2022

Condensed consolidated statement of profit or loss (unaudited)

	Note	**26 weeks ended 1 Oct 2022 £m**	26 weeks ended 2 Oct 2021 £m
Continuing operations			
Revenue	4	**419.9**	394.1
Cost of sales		**(274.3)**	(257.5)
Gross profit		**145.6**	136.6
Selling, marketing and distribution costs		**(62.2)**	(59.6)
Administrative costs		**(32.5)**	(25.7)
Operating profit	4	**50.9**	51.3
Finance cost	5	**(10.2)**	(21.1)
Finance income	5	**1.4**	0.5
Profit before taxation		**42.1**	30.7
Taxation charge	6	**(6.0)**	(9.7)
Profit for the period attributable to owners of the parent		**36.1**	21.0
Basic earnings per share (pence)	7	**4.2**	2.5
Diluted earnings per share (pence)	7	**4.1**	2.4

The notes on pages 23 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Profit for the period		**36.1**	21.0
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	8	**(15.7)**	43.5
Deferred tax credit/(charge)		**-**	(30.6)
Corporation tax credit on pension movements		**3.5**	3.1
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**0.5**	0.1
Other comprehensive income, net of tax		**(11.7)**	16.1
Total comprehensive income attributable to owners of the parent		**24.4**	37.1

The notes on pages 23 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	**As at 1 Oct 2022 £m**	As at 2 April 2022 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**188.1**	190.9
Goodwill	17	**680.3**	646.0
Other intangible assets	17	**300.7**	293.5
Deferred tax assets		**22.2**	23.1
Net retirement benefit assets	8	**1,107.7**	1,148.7
		2,299.0	2,302.2
Current assets			
Stocks		**116.7**	78.1
Trade and other receivables		**95.2**	96.5
Derivative financial instruments	10	**2.8**	2.4
Cash and cash equivalents	12	**23.8**	54.3
		238.5	231.3
Total assets		**2,537.5**	2,533.5
LIABILITIES:			
Current liabilities			
Trade and other payables		**(259.9)**	(254.0)
Financial liabilities:			
– short-term borrowings	9	**(25.0)**	-
– derivative financial instruments	10	**-**	(0.3)
Lease liabilities	9	**(1.2)**	(2.1)
Provisions for liabilities and charges	11	**(6.7)**	(2.3)
		(292.8)	(258.7)
Non-current liabilities			
Long term borrowings	9	**(323.5)**	(323.2)
Lease liabilities	9	**(11.8)**	(14.0)
Net retirement benefit obligations	8	**(145.9)**	(203.8)
Provisions for liabilities and charges	11	**(7.7)**	(8.3)
Deferred tax liabilities		**(219.0)**	(212.9)
Other liabilities		**(13.4)**	(5.7)
		(721.3)	(767.9)
Total liabilities		**(1,014.1)**	(1,026.6)
Net assets		**1,523.4**	1,506.9
EQUITY:			
Capital and reserves			
Share capital		**86.3**	86.3
Share premium		**1.6**	1.5
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**1,093.1**	1,076.7
Total equity		**1,523.4**	1,506.9

The notes on pages 23 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	**26 weeks ended 1 Oct 2022 £m**	26 weeks ended 2 Oct 2021 £m
Cash generated from operations	12	**17.0**	28.1
Interest paid		**(9.9)**	(14.9)
Interest received		**0.2**	0.3
Taxation paid		**(0.4)**	-
Cash generated from operating activities		**6.9**	13.5
Purchase of property, plant and equipment		**(5.5)**	(6.0)
Purchase of intangible assets		**(0.8)**	(1.4)
Acquisition of subsidiaries, net of cash acquired	17	**(43.8)**	-
Cash used in investing activities		**(50.1)**	(7.4)
Proceeds from borrowings		**25.0**	344.0
Repayment of borrowings		**-**	(320.0)
Repayment of lease liabilities		**(1.4)**	(1.3)
Financing fees[1]		**(0.7)**	(8.5)
Early redemption fee[1]		**-**	(4.7)
Dividends paid		**(10.3)**	(8.5)
Proceeds from share issue		**0.1**	0.6
Purchase of shares to satisfy share awards		**-**	(0.4)
Cash generated from financing activities		**12.7**	1.2
Net (decrease)/increase in cash and cash equivalents		**(30.5)**	7.3
Cash, cash equivalents and bank overdrafts at beginning of period		**54.3**	1.1
Cash, cash equivalents and bank overdrafts at end of period	12	**23.8**	8.4

[1] Payments in the current period relate to the one year extension of the revolving credit facility. Payments in the prior period related to payments made as part of the refinancing of the Group's debt in June 2021. See note 9 for further details.

The notes on pages 23 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity (unaudited)

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Profit and loss reserve £m	Total equity £m
At 3 April 2021		85.5	0.6	351.7	(9.3)	755.1	1,183.6
Profit for the period		-	-	-	-	21.0	21.0
Remeasurements of defined benefit schemes	8	-	-	-	-	43.5	43.5
Deferred tax charge		-	-	-	-	(30.6)	(30.6)
Corporation tax credit on pension movements		-	-	-	-	3.1	3.1
Exchange differences on translation		-	-	-	-	0.1	0.1
Other comprehensive income		-	-	-	-	16.1	16.1
Total comprehensive income		-	-	-	-	37.1	37.1
Shares issued		0.4	0.2	-	-	-	0.6
Share-based payments		-	-	-	-	1.5	1.5
Purchase of shares to satisfy share awards		-	-	-	-	(0.4)	(0.4)
Deferred tax movements on share-based payments		-	-	-	-	0.8	0.8
Dividends	13	-	-	-	-	(8.5)	(8.5)
At 2 October 2021		85.9	0.8	351.7	(9.3)	785.6	1,214.7
At 2 April 2022		**86.3**	**1.5**	**351.7**	**(9.3)**	**1,076.7**	**1,506.9**
Profit for the period		**-**	**-**	**-**	**-**	**36.1**	**36.1**
Remeasurements of defined benefit schemes	8	**-**	**-**	**-**	**-**	**(15.7)**	**(15.7)**
Corporation tax credit on pension movements		**-**	**-**	**-**	**-**	**3.5**	**3.5**
Exchange differences on translation		**-**	**-**	**-**	**-**	**0.5**	**0.5**
Other comprehensive income		**-**	**-**	**-**	**-**	**(11.7)**	**(11.7)**
Total comprehensive income		**-**	**-**	**-**	**-**	**24.4**	**24.4**
Shares issued		**-**	**0.1**	**-**	**-**	**-**	**0.1**
Share-based payments		**-**	**-**	**-**	**-**	**1.8**	**1.8**
Deferred tax movements on share-based payments		**-**	**-**	**-**	**-**	**0.5**	**0.5**
Dividends	13	**-**	**-**	**-**	**-**	**(10.3)**	**(10.3)**
At 1 October 2022		**86.3**	**1.6**	**351.7**	**(9.3)**	**1,093.1**	**1,523.4**

The notes on pages 23 to 41 form an integral part of the condensed consolidated interim financial information.

1. General information

Premier Foods plc (the "Company") is a public limited company incorporated in the United Kingdom and domiciled in England, registered number 05160050, with its registered office at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The principal activity of the Company and its subsidiaries (the “Group”) is the manufacture and distribution of branded and own label food products as described in the Group’s annual report and accounts for the financial period ended 2 April 2022.

2. Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the group for the 52 weeks ending 1 April 2023 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, this condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company’s published consolidated financial statements for the 52 weeks ended 2 April 2022 which were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. There has been no significant impact on the Group profit or net assets on adoption of new or revised accounting standards in the period. Amounts are presented to the nearest £0.1m, unless otherwise stated.

Following a competitive tender process, PricewaterhouseCoopers LLP were appointed as the Group’s auditors for the 52 weeks ending 1 April 2023. The financial information for the period ended 1 October 2022 is unaudited but has been subject to an independent review by PricewaterhouseCoopers LLP.

The Group's financial statements for the 52 week period ended 2 April 2022, which were approved by the Board of Directors on 18 May 2022, were reported on by KPMG LLP and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not contain a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This financial information was approved for issue on 16 November 2022.

Going concern

The Group’s revolving credit facility includes net debt/EBITDA and EBITDA/interest covenants as detailed in note 9. 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 is required to test covenants biannually aligned to reporting dates. The Group was compliant with its covenant tests as at 2 April 2022 and 1 October 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 1 October 2022, the Group had total assets less current liabilities of £2,244.7m and net assets of £1,523.4m. Liquidity as at that date was £173.8m, made up of cash and cash equivalents, and undrawn committed credit facilities of £150.0m expiring in May 2025. At the time of the approval of this report, the cash and liquidity position of the group has not changed significantly.

The directors have rigorously reviewed the current global political and economic uncertainty driven by the conflict in Ukraine and the inflationary pressures across the industry, and have modelled a severe but plausible downside case 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. This downside case represents severe but plausible assumptions related primarily to the impact of inflation during the review period. The directors have also considered the situation relating to COVID-19, climate change, risk of cyber attacks, and upcoming UK regulations impacting the food industry and consumer preferences that may have an adverse impact on supply of, or the demand for certain product groups in the downside case modelled and assumed all scenarios within the downside case impact during the periods reviewed.

Whilst the downside scenario is deemed severe but plausible, it is considered by the directors to be a robust stress test of going concern, having an adverse impact on revenue, margin and cash flow. Should circumstances mean there is further downside, whilst not deemed plausible, the directors, in response have 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. None of the scenarios modelled are sufficiently material to prevent the Group from continuing as a going concern.

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.

3. Accounting policies

These Group interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 2 April 2022 with the addition of the Business Combinations policy below.

When preparing the Group interim financial statements management undertakes judgments, estimates and assumptions that affect the recognition and measurement of assets and liabilities, income and expense. The actual results may differ from the judgments, estimates and assumptions made by management.

In preparing these Group interim financial statements the significant judgments, estimates and key sources of estimation uncertainty made by management were the same as those that applied to the Group financial statements for the year ended 2 April 2022, with the exception of fair value estimates in relation to the acquisition of The Spice Tailor. See note 17 for details of the fair value of assets and liabilities acquired and consideration transferred.

Business Combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

4. 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 1 October 2022 and 2 October 2021, and the reconciliation of the segment measures to the respective statutory items included in the financial information, are as follows:

	26 weeks ended 1 Oct 2022		
	Grocery	**Sweet Treats**	**Total**
	£m	**£m**	**£m**
Revenue	**304.3**	**115.6**	**419.9**
Divisional contribution	**70.2**	**13.3**	**83.5**
Group and corporate costs			**(26.8)**
Trading profit			**56.7**
Amortisation of brand assets			**(10.3)**
Fair value movements on foreign exchange and other derivative contracts			**0.7**
Net interest on pensions and administrative expenses			**8.5**
Non-trading items[1]			**(4.7)**
Operating profit			**50.9**
Finance cost			**(10.2)**
Finance income			**1.4**
Profit before taxation			**42.1**
Depreciation	(5.5)	(3.8)	(9.3)

[1]Non-trading items relate primarily to M&A advisory costs and one-off supply chain charges.

	26 weeks ended 2 Oct 2021		
	Grocery	**Sweet Treats**	**Total**
	£m	**£m**	**£m**
Revenue	**284.1**	**110.0**	**394.1**
Divisional contribution	**64.3**	**12.7**	**77.0**
Group and corporate costs			**(19.2)**
Trading profit			**57.8**
Amortisation of intangible assets			**(14.3)**
Fair value movements on foreign exchange and other derivative contracts[1]			**3.0**
Net interest on pensions and administrative expenses			**2.2**
Non-trading items:			
- Other[2]			**2.6**
Operating profit			**51.3**
Finance cost[3]			**(21.1)**
Finance income			**0.5**
Profit before taxation			**30.7**
Depreciation	(5.3)	(4.0)	(9.3)

[1]The gain of £3.0m reflects changes in fair value rate during the 26-week period and movement in nominal value of the instruments held at 2 October 2021 from the 3 April 2021 position.

[2]Other relates primarily to the resolution of a legacy legal matter.

[3]Finance cost includes £4.3m write-off of transaction fees and £4.7m early redemption fee as part of the refinancing of the Group's debt in June 2021.

Inter-segment transfers or transactions are entered into under the same terms and conditions that would be available to unrelated third parties.

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

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
United Kingdom	**392.9**	369.9
Other Europe	**11.9**	12.1
Rest of world	**15.1**	12.1
Total	**419.9**	394.1

Non-current assets

	As at 1 Oct 2022 £m	As at 2 Apr 2022 £m
United Kingdom	**1,169.1**	1,130.4

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

5. Finance income and costs

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Interest payable on bank loans and overdrafts	**(3.0)**	(2.5)
Interest payable on senior secured notes	**(5.8)**	(7.7)
Interest payable on revolving facility	**(0.1)**	(0.3)
Amortisation of debt issuance costs	**(0.9)**	(1.2)
	(9.8)	(11.7)
Write off of financing costs[1]	**-**	(4.3)
Early redemption fee[2]	**-**	(4.7)
Other interest payable	**(0.4)**	(0.4)
Total finance cost	**(10.2)**	(21.1)
Interest receivable on bank deposits	**0.1**	0.3
Other finance income	**1.3**	0.2
Total finance income	**1.4**	0.5
Net finance cost	**(8.8)**	(20.6)

[1] Write off of financing costs in the previous period relates to the refinancing of the senior secured fixed rate notes due to mature in 2023 and revolving credit facility, and redemption of senior secured floating rate notes due to mature in 2022.
[2] Early redemption fee in the prior period 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.

6. Taxation

Current tax

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Current tax		
- Current period	**(3.5)**	(3.1)
Deferred tax		
- Current period	**(5.0)**	(3.2)
- Prior periods	**0.1**	0.1
- Changes in tax rate on the opening balances	**2.4**	(3.5)
Income tax charge	**(6.0)**	(9.7)

Tax relating to items recorded in other comprehensive income included:

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Corporation tax credit on pension movements	**3.5**	3.1
Deferred tax charge on change in corporate tax rate	**-**	(17.9)
Deferred tax credit on prior year	**-**	1.6
Deferred tax credit/ (charge) on pension movements	**-**	(14.3)
	3.5	(27.5)

The applicable rate of corporation tax for the period is 19%. Per the Finance Act of 2021, the corporation tax rate will increase from the current 19% to 25% starting in April 2023 and the impact of the move to a blended rate on the deferred tax balances was reflected in the prior year. The current year deferred tax balances have been remeasured to reflect the year end rate of 25% resulting in a tax credit of £2.4m which has been recorded in the consolidated statement of profit or loss.

Tax charged for the 26 week period ended 1 October 2022 has been calculated by applying the effective rate of tax which is expected to apply to the Group for the period ended 1 April 2023 using rates substantively enacted by 1 October 2022 as required by IAS 34 'Interim Financial Reporting'. The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 19.0% (26 weeks ended 2 October 2021: 19.0%). The reasons for this are explained below:

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Profit before taxation	**42.1**	30.7
Tax charge at the domestic income tax rate of 19.0% (26 weeks ended 2 October 2021: 19.0%)	**(8.0)**	(5.8)
Tax effect of:		
Non-taxable items	**1.7**	0.2
Other disallowable items	**(1.1)**	-
Adjustment due to change in tax rate on the opening balances	**2.4**	(3.5)
Difference between current and deferred tax rate	**(1.1)**	(0.7)
Adjustments to prior periods	**0.1**	0.1
Income tax charge	**(6.0)**	(9.7)

7. Earnings per share

Basic earnings per share has been calculated by dividing the profit for the period ended 1 October 2022 attributable to owners of the parent of £36.1m (26 weeks ended 2 October 2021: £21.0m profit) by the weighted average number of ordinary shares of the Company.

	26 weeks ended 1 Oct 2022 Number	26 weeks ended 2 Oct 2021 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share (m)	**860.3**	856.9
Effect of dilutive potential ordinary shares (m)	**21.3**	18.2
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**881.6**	875.1

	26 weeks ended 1 Oct 2022			26 weeks ended 2 Oct 2021		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	**36.1**		**36.1**	21.0		21.0
Weighted average number of shares (m)	**860.3**	**21.3**	**881.6**	856.9	18.2	875.1
Earnings per share (pence)	**4.2**	**(0.1)**	**4.1**	2.5	(0.1)	2.4

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 basic earnings per share ("Adjusted basic EPS")

Adjusted basic earnings per share is defined as trading profit less net regular interest payable, less a notional tax charge at 19.0% (26 weeks ended 2 October 2021: 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 finance income.

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

8. 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 interim actuarial valuations for the new Premier Foods and Premier Grocery Products Sections as at 31 March 2021 have been agreed with 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 = €1.1730 for the average rate during the period, and £1.00 = €1.1388 for the closing position at 1 October 2022.

All pension schemes are closed to future accrual.

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

	Premier schemes	**RHM schemes**
At 1 October 2022		
Discount rate	**5.25%**	**5.25%**
Inflation – RPI	**3.70%**	**3.70%**
Inflation – CPI	**3.25%**	**3.25%**
Expected salary increases	**n/a**	**n/a**
Future pension increases		
- RPI (min 0% and max 5%)	**3.25%**	**3.25%**
- CPI (min 3% and max 5%)	**3.70%**	**3.70%**
At 2 April 2022		
Discount rate	2.75%	2.75%
Inflation – RPI	3.60%	3.60%
Inflation – CPI	3.20%	3.20%
Expected salary increases	n/a	n/a
Future pension increases		
- RPI (min 0% and max 5%)	3.35%	3.35%
- CPI (min 3% and max 5%)	3.65%	3.65%

For the smaller overseas schemes, the discount rate used was 3.75% (52 weeks ended 2 April 2022: 1.75%) and future pension increases were 3.40% (52 weeks ended 2 April 2022: 2.60%).

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:

	Premier schemes	**RHM schemes**
Life expectancy at 1 October 2022		
Male pensioner, currently aged 65	**86.6**	**85.2**
Female pensioner, currently aged 65	**88.3**	**87.7**
Male non-pensioner, currently aged 45	**87.5**	**86.5**
Female non-pensioner, currently aged 45	**89.8**	**89.3**
Life expectancy at 2 April 2022		
Male pensioner, currently aged 65	86.6	85.2
Female pensioner, currently aged 65	88.3	87.7
Male non-pensioner, currently aged 45	87.5	86.5
Female non-pensioner, currently aged 45	89.8	89.3

	Premier schemes	% of total	RHM schemes	% of total	Total	% of total
	£m	%	£m	%	£m	
Assets with a quoted price in an active market at 1 October 2022:						
Government bonds	**166.2**	**28.4**	**91.6**	**2.8**	**257.8**	**6.7**
Cash	**2.6**	**0.5**	**108.7**	**3.3**	**111.3**	**2.9**
Assets without a quoted price in an active market at 1 October 2022:						
UK equities	**0.1**	**0.0**	**-**	**-**	**0.1**	**0.0**
Global equities	**3.3**	**0.6**	**3.6**	**0.1**	**6.9**	**0.2**
Government bonds	**26.2**	**4.5**	**2.1**	**0.1**	**28.3**	**0.7**
Corporate bonds	**0.2**	**0.0**	**5.4**	**0.2**	**5.6**	**0.1**
UK Property	**80.4**	**13.8**	**258.9**	**8.0**	**339.3**	**8.8**
European property	**47.3**	**8.1**	**214.1**	**6.6**	**261.4**	**6.8**
Absolute return products	**33.2**	**5.7**	**736.4**	**22.7**	**769.6**	**20.1**
Infrastructure funds	**31.1**	**5.3**	**358.8**	**11.0**	**389.9**	**10.2**
Interest rate swaps	**-**	**-**	**244.3**	**7.5**	**244.3**	**6.4**
Inflation swaps	**-**	**-**	**52.7**	**1.6**	**52.7**	**1.4**
Private equity	**43.5**	**7.4**	**297.2**	**9.1**	**340.7**	**8.9**
LDI	**-**	**-**	**6.0**	**0.2**	**6.0**	**0.2**
Global credit	**36.3**	**6.2**	**382.2**	**11.8**	**418.5**	**10.9**
Illiquid credit	**98.7**	**16.9**	**221.6**	**6.8**	**320.3**	**8.4**
Cash	**8.7**	**1.5**	**0.1**	**0.0**	**8.8**	**0.2**
Other[1]	**6.5**	**1.1**	**267.4**	**8.2**	**273.9**	**7.1**
Fair value of scheme assets as at 1 October 2022	**584.3**	**100**	**3,251.1**	**100**	**3,835.4**	**100**
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%

[1] Included in Other in the RHM Schemes is £124.7m (2 April 2022: £111.2m) of assets which were sold during 2020/21 and were awaiting settlement at the reporting date.

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.

Pension assets have been reported using 30 September 2022 valuations where available. As is usual practice for pensions assets where valuations at this date were not available, the most recent valuations (predominantly at 30 June 2022) have been rolled forward for cash movements to 30 September 2022 and recognised as lagged valuations. This is considered by management the most appropriate estimate of valuations for these assets using the information available at the time. At 1 October 2022 the financial statements include £362m of assets using lagged valuations and were these lagged valuations to move by 1% there would be a £3.6m impact on the fair value of scheme assets. This approach is principally relevant for Private Equity, Property Assets, Illiquid Credits and Global Credits asset categories. Pension assets valuations are 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:

	Premier schemes £m	**RHM schemes £m**	**Total £m**
At 1 October 2022			
Present value of defined benefit obligation	**(718.4)**	**(2,155.2)**	**(2,873.6)**
Fair value of plan assets	**584.3**	**3,251.1**	**3,835.4**
(Deficit)/surplus in schemes	**(134.1)**	**1,095.9**	**961.8**
At 2 April 2022			
Present value of defined benefit obligation	(1,020.2)	(3,134.9)	(4,155.1)
Fair value of plan assets	826.3	4,273.7	5,100.0
(Deficit)/surplus in schemes	(193.9)	1,138.8	944.9

The aggregate surplus of £944.9m has increased to a surplus of £961.8m during the period ended 1 October 2022. The increase of £16.9m (52 weeks ended 2 April 2021: £67.8 increase) is primarily due to net remeasurement gains on scheme assets and liabilities.

The disclosures in note 8 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 8 reconcile to those disclosed on the balance sheet as shown below:

	At 1 October 2022			**At 2 April 2022**		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	**Premier Schemes £m**	**RHM Schemes £m**	**Total £m**
Schemes in net asset position	**11.8**	**1,095.9**	**1,107.7**	9.9	1,138.8	1,148.7
Schemes in net liability position	**(145.9)**	**-**	**(145.9)**	(203.8)	-	(203.8)
Net (Deficit)/surplus in schemes	**(134.1)**	**1,095.9**	**961.8**	(193.0)	1,138.8	944.9

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
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)**
Interest cost	**(13.7)**	**(42.2)**	**(55.9)**
Settlement	**0.3**	**-**	**0.3**
Remeasurement gain	**296.5**	**950.7**	**1,247.2**
Exchange differences	**(1.5)**	**(0.8)**	**(2.3)**
Benefits paid	**20.2**	**72.0**	**92.2**
Defined benefit obligation at 1 October 2022	**(718.4)**	**(2,155.2)**	**(2,873.6)**

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
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[1]	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**
Interest income on scheme assets	**11.0**	**57.7**	**68.7**
Remeasurement losses	**(254.2)**	**(1,008.7)**	**(1,262.9)**
Administrative costs	**(2.1)**	**(2.2)**	**(4.3)**
Settlement	**(0.3)**	**-**	**(0.3)**
Contributions by employer	**19.0**	**1.7**	**20.7**
Additional employer contribution[1]	**2.7**	**-**	**2.7**
Exchange differences	**2.1**	**0.9**	**3.0**
Benefits paid	**(20.2)**	**(72.0)**	**(92.2)**
Fair value of plan assets at 1 October 2022	**584.3**	**3,251.1**	**3,835.4**

[1] 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 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**
Amount recognised in profit or loss	**(4.8)**	**13.3**	**8.5**
Remeasurements recognised in other comprehensive income	**42.3**	**(58.0)**	**(15.7)**
Contributions by employer	**19.0**	**1.7**	**20.7**
Additional employer contribution	**2.7**	**-**	**2.7**
Exchange differences recognised in other comprehensive income	**0.6**	**0.1**	**0.7**
(Deficit)/surplus in schemes at 1 October 2022	**(134.1)**	**1,095.9**	**961.8**

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

	Premier schemes £m	RHM schemes £m	Total £m
26 weeks ended 1 October 2022			
Operating profit			
Administrative costs	**(2.1)**	**(2.2)**	**(4.3)**
Net interest (cost)/credit	**(2.7)**	**15.5**	**12.8**
Total (cost)/credit	**(4.8)**	**13.3**	**8.5**
26 weeks ended 2 October 2021			
Operating profit			
Administrative costs	(2.0)	(1.2)	(3.2)
Net interest (cost)/credit	(3.8)	9.2	5.4
Total (cost)/credit	(5.8)	8.0	2.2
52 weeks ended 2 April 2022			
Operating profit			
Past service cost	(0.1)	(0.2)	(0.3)
Settlement (costs)/credits	(0.1)	-	(0.1)
Administrative costs	(4.2)	(2.5)	(6.7)
Net interest (cost)/credit	(7.4)	18.4	11.0
Total (cost)/credit	(11.8)	15.7	3.9

9. Bank and other borrowings

	As at 1 Oct 2022 £m	As at 2 Apr 2022 £m
Current:		
Secured senior credit facility - revolving	**(25.0)**	-
Lease liabilities	**(1.2)**	(2.1)
Total borrowings due within one year	**(26.2)**	(2.1)
Non-current:		
Lease liabilities	**(11.8)**	(14.0)
Transaction costs[1]	**6.5**	6.8
Senior secured notes	**(330.0)**	(330.0)
Total borrowings due after more than one year	**(335.3)**	(337.2)
Total bank and other borrowings	**(361.5)**	(339.3)

[1]Included in transaction costs is £2.1m (2 April 2022: £1.9m) relating to the revolving credit facility.

Revolving credit facility

During the period, the Group extended the period of its revolving credit facility (RCF) by one year to May 2025 with the same lending group. Transactions costs of £0.6m were capitalised in relation to this extension. 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]	EBITDA / Interest[1]
2022/23 FY	3.50x	3.00x
2023/24 FY	3.50x	3.00x

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

Senior secured notes

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%.

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 1 Oct 2022		As at 2 April 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£m	**£m**	£m	£m
Financial assets not measured at fair value:				
Cash and cash equivalents	**23.8**	**23.8**	54.3	54.3
Financial assets at amortised cost:				
Trade and other receivables	**62.5**	**62.5**	65.7	65.7
Financial assets at fair value through profit or loss:				
Trade and other receivables	**6.8**	**6.8**	3.3	3.3
Derivative financial instruments				
– Forward foreign currency exchange contracts	**1.0**	**1.0**	0.1	0.1
– Commodity and energy derivatives	**1.8**	**1.8**	2.3	2.3
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	(0.3)	(0.3)
Other financial liabilities at fair value through profit or loss				
- Deferred contingent consideration (note 17)	**(8.2)**	**(8.2)**	-	-
Financial liabilities at amortised cost:				
Trade and other payables	**(252.8)**	**(252.8)**	(247.4)	(247.4)
Senior secured notes	**(330.0)**	**(260.2)**	(330.0)	(305.8)
Senior secured credit facility – revolving	**(25.0)**	**(25.0)**	-	-

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 1 Oct 2022			As at 2 April 2022	
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
	£m	**£m**		£m	£m	£m
Financial assets at fair value through profit or loss:						
Trade and other receivables	**-**	**4.4**	**2.4**	-	3.3	-
Derivative financial instruments						
– Forward foreign currency exchange contracts	**-**	**1.0**	**-**	-	0.1	-
– Commodity and energy derivatives	**-**	**1.8**	**-**	-	2.3	-
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments						
– Forward foreign currency exchange contracts	**-**	**-**	**-**	-	(0.3)	-
Other financial liabilities at fair value through profit or loss:						
- Deferred contingent consideration (note 17)	**-**	**-**	**(8.2)**	-	-	-
Financial liabilities at amortised cost:						
Senior secured notes	**(260.2)**	**-**	**-**	(305.8)	-	-

The fair value of trade and other receivables and trade and other payables is considered to be equal to the carrying amount of these items due to their short-term nature.

Calculation of fair values

The fair values of the financial assets and liabilities are defined as 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.

During the period, the Group recognised other receivables with a fair value of £2.4m and deferred contingent consideration with a fair value of £8.2m as a result of the acquisition of The Spice Tailor. The fair values for both are based on unobservable inputs and are classified as a level 3 fair value estimate under the IFRS fair value hierarchy. See note 17 for further details.

Methods and assumptions used to estimate all other fair values are consistent with those used in the 52 weeks ended 2 April 2022.

11. Provisions for liabilities and charges

	As at 1 Oct 2022 £m	As at 2 Apr 2022 £m
Within one year	**(6.7)**	(2.3)
Between two and five years	**(5.0)**	(2.9)
After 5 years	**(2.7)**	(5.4)
Total	**(14.4)**	(10.6)

During the period, as a result of the acquisition of The Spice Tailor, the Group recognised provisions of £2.5m, including £2.4m in relation to the fair value of contingent liabilities acquired as part of the business combination. See note 17 for further details.

During the 26 week period ended 1 October 2022 provisions for liabilities and charges increased by £3.8m. The increase of £3.8m is due primarily to these acquired contingent liabilities as well as an increase in provisions for expected further property costs. Total provisions for liabilities and charges of £14.4m (2 April 2022: £10.6m) comprise primarily of provisions for site costs, dilapidations and environmental liabilities related to leasehold properties and provisions for insurance.

12. Notes to the cash flow statement

Reconciliation of profit before taxation to cash flows from operating activities

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Profit before taxation	**42.1**	30.7
Net finance cost	**8.8**	20.6
Operating profit	**50.9**	51.3
Depreciation of property, plant and equipment	**9.3**	9.3
Amortisation of intangible assets	**12.7**	14.3
Fair value movements on financial instruments	**(0.7)**	(3.0)
Net interest on pensions and administrative expenses	**(8.5)**	(2.2)
Equity settled employee incentive schemes	**1.8**	1.5
Increase in stocks	**(35.4)**	(21.9)
Decrease in trade and other receivables	**6.6**	8.0
Increase/(Decrease) in trade and other payables and provisions	**3.7**	(7.2)
Dividend match pension contribution[1]	**(2.7)**	(2.5)
Contribution to defined benefit pension schemes	**(20.7)**	(19.5)
Cash generated from operations	**17.0**	28.1

[1]Contribution by the Group to the Premier sections of the RHM pension schemes due to the payment of dividends during the period.

Analysis of movement in borrowings

	As at 2 April 2022 £m	**Cash flows £m**	**Non-cash interest expense £m**	**Other non-cash movements £m**	**As at 1 Oct 2022 £m**
Cash and bank deposits	54.3	(30.5)	-	-	**23.8**
Net cash and cash equivalents	54.3	(30.5)	-	-	**23.8**
Borrowings - revolving credit facilities	-	(25.0)	-	-	**(25.0)**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2026	(330.0)	-	-	-	**(330.0)**
Lease liabilities (IFRS 16)	(16.1)	1.8	(0.4)	1.7	**(13.0)**
Gross borrowings net of cash[1]	(291.8)	(53.7)	(0.4)	1.7	**(344.2)**
Debt issuance costs[2]	6.8	0.7	-	(1.0)	**6.5**
Total net borrowings[1]	(285.0)	(53.0)	(0.4)	0.7	**(337.7)**
Total net borrowings excluding lease liabilities[1]	(268.9)	(54.8)	-	(1.0)	**(324.7)**

[1] Borrowings excludes derivative financial instruments.

[2] The non-cash movement in debt issuance costs relates to the amortisation of capitalised borrowing costs only.

13. Dividends

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
1.2 pence per ordinary share (26 weeks ended 2 October 2021: 1.0 pence)	**10.3**	8.5

A final dividend of 1.2 pence per share for the 52 week period ended 2 April 2022 was approved by the shareholders at the Company's Annual General Meeting on 20 July 2022 and was subsequently paid on 29 July 2022.

14. Capital commitments

The Group has capital expenditure on property, plant and equipment contracted for at the end of the reporting period but not yet incurred at 1 October 2022 of £5.8m (2 April 2022: £5.7m).

15. Contingencies

There were no material contingent liabilities as at 1 October 2022 and 2 April 2022.

16. Related party transactions

The Group's related party transactions and relationships for the 52 weeks ended 2 April 2022 were disclosed on page 154 of the annual report and accounts for the financial period ended 2 April 2022.

As at 1 October 2022 the following are also considered to be related parties under the Listing Rules due to their shareholdings exceeding 10% of the Group's total issued share capital:

- Nissin Foods Holding Co., Ltd. ('Nissin') is considered to be a related party by virtue of its 25.00% (2 April 2022: 19.14%) equity shareholding in Premier Foods plc and its right to appoint a member to the Board of Directors.

Transactions with related parties

Transactions with associates and major shareholders during the period are set out below.

	26 weeks ended 1 Oct 2022 £m	26 weeks ended 2 Oct 2021 £m
Sale of services:		
- Nissin	**0.1**	-
Total sales	**0.1**	-
Purchase of goods:		
- Nissin	**10.8**	10.0
Total purchases	**10.8**	10.0

17. Acquisitions

On 31 August 2022, the Group acquired 100% of the ordinary share capital of The Spice Tailor Limited ('Spice Tailor') and its wholly owned subsidiaries, The Spice Tailor (Direct) Limited, The Spice Tailor (Canada) Limited and The Spice Tailor (Australia) Pty Ltd for initial consideration of £43.8m (this comprises £44.5m cash consideration less £0.7m cash acquired). Additional consideration is dependent on future performance with an earn out structure over a three year period from FY2024, subject to further growth targets with a maximum cap of total consideration of £72.5m. The acquisition is well aligned to the Group's growth strategy, being highly complementary to the Group's Sharwoods and Loyd Grossman brands and having a strong geographical fit, with a presence in the UK, Australian, Canadian and Irish markets, significantly expanding the Group's ethnic foods business in Australia.

The following table summarises the Group's preliminary assessment of the consideration for Spice Tailor, and the amounts of the assets acquired and liabilities assumed.

	IFRS book value at acquisition	Fair value adjustments	Fair value
Recognised amounts of identifiable assets acquired and liabilities assumed	**£m**	**£m**	**£m**
Property, plant & equipment	0.1	-	0.1
Brands and other intangible assets	-	20.5	20.5
Inventories	3.0	0.2	3.2
Trade and other receivables[1]	2.4	2.4	4.8
Trade and other payables	(3.4)	-	(3.4)
Provisions	(0.1)	(2.4)	(2.5)
Cash and cash equivalents	0.7	-	0.7
Deferred tax liability	-	(5.0)	(5.0)
Total identifiable net assets	**2.7**	**15.7**	**18.4**
Goodwill on acquisition			**34.3**
Initial consideration transferred in cash			44.5
Deferred contingent consideration			8.2
Total consideration			**52.7**

[1] Fair value adjustment relates to the recognition of indemnification assets in relation to contingent liabilities acquired

Identifiable net assets

The fair values of the identifiable assets and liabilities acquired have been determined provisionally at 1 October 2022, given proximity of the acquisition to period end. As permitted under IFRS 3 the Group will retrospectively adjust the provisional amounts recognised to reflect new information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognised as at the acquisition date.

As a result of the business combination, the Group recognised provisions of £2.5m, including £2.4m in relation to the fair value of contingent liabilities acquired which relate primarily to future tax liabilities in line with IAS 37.

The fair value of the trade and other receivables acquired as part of the business combination was £4.8m. This includes an indemnification asset of £2.4m in relation to the contingent liabilities assumed, and trade receivables amounting to £2.4m which approximated to the contractual cash flows.

Consideration transferred

Consideration included cash of £44.5m transferred on completion of the acquisition. An additional £8.2m was recognised in relation to the fair value of deferred contingent consideration which is dependent on future performance with an earn out structure over a three year period from FY2024, subject to further growth targets. The deferred contingent consideration is included within non-current other liabilities.

The fair value of deferred contingent consideration represents the present value of estimate payments measured at the time of acquisition based on the Group's estimate of future performance. The fair value is based on unobservable inputs and is a classified as a level 3 fair value estimate under the IFRS fair value hierarchy. See note 10 for further details.

Acquisition-related costs amounting to £2.7m are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of administrative expenses.

Goodwill

Goodwill amounting to £34.3m was recognised on acquisition and while The Spice Tailor brand forms much of the enterprise value of the business, there is a premium associated to the purchase of a pre-existing, well positioned business. This goodwill is not expected to be deductible for tax purposes and is allocated to the Group's Grocery CGU.

The carrying amount of goodwill and the beginning and end of the period is as follows:

	£m
Carrying value	
At 4 April 2022	**646.0**
Acquisition of subsidiary	34.3
At 1 October 2022	**680.3**

The Spice Tailor contribution to the Group results

From the date of the acquisition to 1 October 2022, The Spice Tailor contributed £1.3m to the Group's Revenues and a loss before tax of £nil. Had the acquisition occurred on 3 April 2022, on a pro forma basis, the Group's Revenue for the period to 1 October 2022 would have been £426.8m and Profit before tax for the same period would have been £41.2m.

18. Subsequent events

There were no reportable events after the balance sheet date.