Premier Foods plc

16 November 2021

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

Half year results for the 26 weeks ended 2 October 2021

First half revenue ahead of guidance, firmly on track to deliver full year expectations

Headline results	FY21/22 H1	FY20/21 H1	Change vs 1yr ago	Change vs 2yrs ago
Revenue (£m)	394.1	421.5	(6.5%)	+7.5%
Trading profit[1] (£m)	57.8	65.8	(12.2%)	+13.1%
Adjusted profit before taxation[4] (£m)	46.4	47.7	(2.9%)	+46.3%
Adjusted earnings per share[7] (pence)	4.4	4.5	(3.8%)	+44.5%
Net debt[9] (£m)	(345.0)	(403.1)	14.4% lower	30.0% lower

Statutory measures	FY21/22 H1	FY20/21 H1	Change vs 1yr ago	Change vs 2yrs ago
Operating profit (£m)	51.3	65.2	(21.3%)	+42.9%
Profit before taxation (£m)	30.7	50.5	(39.2%)	+104.7%
Basic earnings per share (pence)	2.5	5.1	(51.0%)	+66.7%

Non-GAAP measures above are defined on page 15 and reconciled to statutory measures throughout

Financial headlines

Compared to 2 years ago

- Q2 Group revenue up +8.5%, Q2 branded revenue ahead +13.3%
- H1 Branded revenue up +11.4% reflecting strength of Group's branded growth model
- Trading profit +13.1% ahead
- Adjusted profit before tax £46.4m, up +46.3% due to trading performance and significant interest cost savings
- Statutory profit before tax £30.7m, up +104.7%
- Net debt substantially lower than FY19/20 H1 at £345.0m

Compared to 1 year ago

- Q2 Group revenue up +0.4%, Q2 branded revenue ahead +2.1%
- H1 Branded revenue (6.1%) lower than prior year due to lapping effect of exceptional pandemic related volumes
- Statutory profit before tax down (39.2%); Hovis disposal gain in prior year
- Net debt £58.1m lower than FY20/21 H1
- Combined pensions surplus of £607.7m, £67.8m higher than six months earlier

Strategic & operational headlines

- Very good strategic progress in the first half of the year, revenue ahead of expectations and strong profit growth versus two years ago
- Volume and value market share gains on a two-year basis
- Branded growth model continuing to deliver sales growth through sustained consumer marketing investment and benefits from NPD program
- Successfully navigating macro and industry wide supply chain challenges and inflationary environment
- Category expansion through Cape Herb & Spice, Oxo rubs and marinades with more to come in H2
- International revenue growth up +7% vs two years ago; test launch of *Mr Kipling* confirmed in US for H2
- Completed earnings enhancing refinancing in H1, with interest costs set to nearly halve compared to FY19/20
- New ESG strategy, the 'Enriching Life Plan', announced with a series of major sustainability commitments
- Firmly on track to deliver full year profit expectations

Alex Whitehouse, Chief Executive Officer

"We have delivered a very good first half performance, with revenue growth ahead of expectations; quarter two was particularly strong, with revenue growth of +8.5% vs two years ago. Our brands have performed especially well with growth versus two years ago of +11.4% and increased market share in both Grocery and Sweet Treats, illustrating the continued success of our branded growth model. I am particularly pleased with how well the business is successfully navigating the widely reported industry wide challenges including logistics, labour shortages and input cost inflation to deliver such a strong set of results, which again underlines the robustness of our operating capabilities.

"Adjusted profit before tax increased by +46% vs two years ago benefiting from both the trading performance and significantly reduced interest costs following the completion of our earnings enhancing refinancing earlier in the year. Net debt is more than £50m lower than this time last year.

"As we look ahead to the second half of the year, we will be launching a range of insight driven new products and supporting six of our key brands with advertising. We will expand our presence in adjacent new categories, building on the initial success of Cape Herb and Spice and Oxo Rubs & Marinades, as well as bringing to market premium Mr Kipling biscuits and a range of branded Ice cream. We will also continue to develop our overseas businesses including the full roll-out of Mr Kipling in Canada and the test launch of Mr Kipling in the USA.

"We enter the second half of the year with strong momentum, and with a series of exciting plans in place for our brands, we remain firmly on track to deliver on our profit expectations for the full year."

Environmental, Social and Governance (ESG)

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

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

Outlook

The Group enters the second half of the year with strong momentum. It has a series of exciting brand plans, and with expansion into more new categories, it is well placed to deliver further strategic progress. It continues to successfully manage and navigate through industry wide challenges across the supply chain and has robust plans in place to respond to them. The Group will benefit from substantially lower interest costs from its earnings enhancing refinancing and is on track to deliver against its profit expectations for the full year.

The Group's medium-term target of approximately 1.5x Net debt/EBITDA remains unchanged and it reiterates its intention to pay a dividend on a full year basis.

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 2021, at 1:30pm GMT. Dial in details are outlined below:

Telephone:	0800 376 7922 (UK toll free)
	+44 20 7192 8000 (standard international access)
Conference ID:	1999172

A factsheet with highlights 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/

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 16 sites across the country, supplying a range of retail, wholesale, foodservice and other customers with our iconic brands which feature in millions of homes every day.

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

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

Financial results

Due to the unique nature of the prior period when the Group saw exceptional patterns of demand for its products during the peak of the Covid pandemic, it has managed and reviewed the performance of its business this year with reference to two years ago and the prior year. The commentary below for Revenue and Trading profit is therefore provided with reference to both two years ago and the prior year.

Revenue

Group revenue (£m)	**Grocery**	**Sweet Treats**	**Group**
Branded	244.9	100.1	345.0
Non-branded	39.2	9.9	49.1
Total	**284.1**	**110.0**	**394.1**
% change vs 1 year ago			
Branded	(10.3%)	+6.3%	(6.1%)
Non-branded	(10.1%)	(6.4%)	(9.4%)
Total	**(10.3%)**	**+5.0%**	**(6.5%)**
% change vs 2 years ago			
Branded	+12.2%	+9.5%	+11.4%
Non-branded	(14.4%)	(12.2%)	(14.0%)
Total	**+7.6%**	**+7.1%**	**+7.5%**

Commentary versus two years ago

Group revenue compared to the same period two years ago increased by 7.5%. Branded revenue was particularly strong over this time frame, up 11.4%, while Non-branded revenue declined (14.0%). In the second quarter, Group revenues increased by 8.5% to £208.2m, with branded revenue up 13.3% and Non-branded revenue (16.3%) lower. This second quarter's reported revenue was ahead of the Group's expectations and reflects a strong performance from several of its major brands.

The Group employs a branded growth model strategy which leverages the strength of its market leading brands, launching insightful new products, supporting them with emotionally engaging advertising and building strategic retail partnerships. In following this strategy, revenues in the UK have grown in sixteen of the last seventeen quarters. On a two-year compound annual growth rate basis, UK branded revenues in the first half of the year have grown by 5.8%, which serves to illustrate the success of this strategy and model.

In the first half of the year, the benefits of the branded growth model have enabled the Group to gain both volume and value market share[12] compared to the same period two years ago, outperforming its categories in both Grocery and Sweet Treats. Household penetration, a measure of how many consumers buy a brand on at least one occasion in a given time frame, has seen a number of the Group's brands retain higher penetration levels compared to pre pandemic levels. The conclusion, therefore, is that some consumers have tried the Group's brands and products during the pandemic and enjoyed them so have continued to purchase them. In e-commerce, the majority of consumers who turned to shopping online for grocery products during the pandemic have continued to use this channel. The Group's sales through online have grown by a very significant 80% compared to two years ago and additionally, market share has increased by 120 basis points.

Grocery

Revenue in the Grocery business increased by 7.6% in the first half of the year compared to two years ago. The driver behind this growth was the branded portfolio which saw revenue increase by 12.2%. In the second quarter, total Grocery revenue grew by 7.2% and the branded portfolio saw revenue increase by 12.5%.

In the first half of the year, the Grocery business has seen many of its brands grow revenue in double-digit terms compared to the same period two years ago. Brands such as *Bisto, Oxo, Sharwood's* are examples of this strong revenue performance and all these have benefitted from sustained levels of consumer marketing investment and new product development programmes. Additionally, *Angel Delight* and *Paxo* have also grown exceptionally well over this time frame, supported by product innovation such as *Angel Delight* Dessert Kits and *Paxo* Veggie Fillers.

One of the major successes in recent years across the Group's branded portfolio has been the *Nissin* noodle product ranges. The *Nissin* brand has grown consistently strongly over the last four years; in the first half of the year, revenues were over 140% higher compared to the same period two years ago. It is now market leader in the authentic snack pot market, having grown market share from 11% in 2017 to 45% today. These outstanding results have been achieved through leveraging the authentic flavour profiles of the product ranges and also applying deep commercial relationships the Group enjoys, increasing distribution and helping drive trial with consumers to build the brand's performance.

The Group continues to bring more healthy product ranges to market such as *Loyd Grossman* 30% less sugar Lasagne sauces, no added sugar *Homepride* pasta bakes and *Saxa* Sea Salt spray, which uses just 1% of the daily recommended intake of salt per spray. In the second half of the year, the Group will be launching a series of exciting new better for you products such as *Batchelors* low fat meat free rice and noodle pots, with flavours Facon and Cheese, Chick'n Curry and Rice and Sweet Chilli Chick'n noodles. In the Desserts category, *Angel Delight* will also be launching ready to eat, on the go, low calorie dessert pots while *Bird's* is introducing convenient, individual custard pots.

One of the Group's key strategies is to expand into adjacent categories, leveraging the Group's proven branded growth model. For example, the first half of this year has seen the launch of *Oxo* Rubs and marinades, which represents *Oxo's* first major move beyond its heartland of Stock and provides the brand greater access to more summer eating occasions such as barbecues. Additionally, H1 has driven increased distribution of Cape Herb & Spice, the product range of rubs, chilli and seasonings, through utilising the Group's deep commercial relationships. Looking ahead to H2, the next stage of this strategy sees the extension of the *Mr Kipling, Ambrosia* and *Angel Delight* brands into the Ice-cream category with a variety of flavour variants aligned to the respective brands.

Sweet Treats

The Sweet Treats business delivered revenue growth of 7.1% in the period when compared to two years ago. This was driven by very strong branded growth which increased by 9.5% to £100.1m, partly offset by Non-branded revenue which was (12.2%) lower.

The branded performance was due to an excellent response from the Sweet Treats innovation program. The new better for you *Mr Kipling* 30% less sugar Viennese Whirls supported revenue growth in the first half and ranges such as the premium *Mr Kipling* Signature products and *Cadbury* Fudge and Crunchie cake bars also contributed strongly to the performance. Additionally, *Mr Kipling* benefitted from TV advertising in the period and further investment is planned for the Group's largest brand in the second half of the year.

Looking ahead to the second half of the year, innovation to be launched to market includes *Cadbury* Oreo cake bars, which will look to build on the recent success of the Fudge and Crunchie variants. Additionally, and building on the Group's strategy of expanding into new, adjacent categories, *Mr Kipling* is entering the biscuit category for the first time. A range of new biscuits targeting the everyday treat occasion, came to market at the beginning of the third quarter, leveraging the strength of the *Mr Kipling* brand.

International

In the International business, revenue on a constant currency basis was 7%[8] higher than the same period two years ago. This largely reflected growth in the Ireland business, as the performance benefitted from applying the branded growth model, including new product development and television advertising in addition to entering new categories such as Quick Meals Snack & Soups and Homebaking.

The Group continues to make strategic progress in building a sustainable international business with the clear objective of applying the successful branded growth model strategy used in the UK to the priority markets of Ireland, North America, Australia and Europe. In Canada, a full rollout of *Mr Kipling* snack pack cake slices is planned for the second half of the year following a successful trial and after refinement of the product proposition. In the USA, plans are to take the same approach to cake as has been undertaken in Canada. The Group now has the first confirmed listing of *Mr Kipling* cake; this will be in the form of a test launch initially to validate the model and the first shipment of products expected to take place in the fourth quarter of the year. Also in the USA, *Sharwood's* continues to gain distribution points in a key retailer reflecting both increased store presence and new product listings.

Europe is increasingly becoming a clear opportunity for the Group and recent good progress by *Sharwood's* has been displayed in both Spain and Germany. In Spain, revenue of *Sharwood's* cooking sauces has increased by over 150% compared to two years ago, reflecting strong growth in Indian sauces such as Tikka Masala while sales in Germany have grown due to the popularity of *Sharwood's* Rice pots.

Non-branded

Non-branded revenue was (14.0%) lower than the same period two years ago. In Grocery, retailer non-branded revenue was slightly ahead, and while volumes in out of home orientated business units remain below pre-pandemic levels some of these are on an improving trajectory. Sweet Treats Non-branded revenue was impacted by lower margin contract exits.

Commentary versus prior year

Group revenue for the 26 weeks to 2 October 2021 was £394.1m, a decrease of (6.5%) on the same period a year ago. Branded revenue was (6.1%) lower at £345.0m while Non-branded revenue declined (9.4%) to £49.1m. In the second quarter, Group revenues grew by 0.4% to £208.2m, with branded revenue up 2.1% and Non-branded revenue (10.5%) lower.

Grocery

As expected, Grocery revenue was lower in the first half of the year compared to the prior period. Branded and Non-branded revenue declined by (10.3%) and (10.1%) respectively. The overarching driver of these declines reflect the exceptional volumes experienced in the prior year due to the elevated consumer demand observed in the Group's grocery categories during the peak of the Covid pandemic.

Within the first half of the year, branded revenue in the first quarter was (19.6%) lower as it lapped particular strong prior comparatives as described above. In the second quarter, branded revenue was down just (0.4%) on the prior period when revenue had grown by 13.0% against FY19/20 Q2. This was partly due to the relaxation of lockdown restrictions in quarter two last year, although there was evidence that consumers retained some cooking habits which benefitted the Group's categories.

Sweet Treats

In Sweet Treats, revenue grew by 5.0% in the first half of the year to £110.0m. The Branded part of the business enjoyed a strong first half of the year, as revenue grew by 6.3% to £100.1m, while Non-branded revenue was (6.4%) lower at £9.9m. In FY20/21 H1, the cake category did not experience the same level of elevated volumes compared to that seen in the Group's grocery categories, as consumers focused on purchasing key household staple products as the UK entered lockdown restrictions.

In the first half of the year, the cake category grew by 2.0% compared to the prior period, as the Group's brands, *Mr Kipling* and *Cadbury cake,* both saw strong growth in the first half of the year, taking market share, as outlined above.

International

The International business saw revenue decline by (5%)[8] on a constant currency basis. In a similar vein to the Grocery business in the UK, revenue compared to the prior period was impacted by the effects of the global pandemic. In particular, both the grocery product ranges in Ireland and Australia saw lower sales in the first half of the year. Furthermore, constraints associated with global shipping have led to delays in products reaching end markets such as Australia and North America, from the UK.

Non-branded

Grocery Non-branded sales were (10.1%) lower in the first half of the year due to lower sales at Knighton Foods while there were also some low margin contract exits in Desserts and Cooking Sauces & accompaniments which impacted the performance in the period. In Sweet Treats, revenue declined by (6.4%) which was due to the impact of contract exits in fruit pies and slices ranges, which largely impacted the first quarter. In the second quarter, Sweet Treats Non-branded sales returned to growth.

The Group's Non-branded business is one which plays an important and supportive role. The principles used are: to deploy low levels of capital investment; protect branded intellectual property; support the recovery of manufacturing overheads and apply strict financial hurdles on new contracts.

Trading profit

£m	FY21/22 H1	FY20/21 H1	Change vs 1 year ago	Change vs 2 years ago
Divisional contribution[2]				
Grocery	64.3	78.5	(18.1%)	+8.3%
Sweet Treats	12.7	9.1	+39.9%	+22.5%
Total	77.0	87.6	(12.1%)	+10.4%
Group & corporate costs	(19.2)	(21.8)	+11.7%	(3.2%)
Trading profit	**57.8**	**65.8**	**(12.2%)**	**+13.1%**

Commentary versus two years ago

The Group delivered very strong Divisional contribution and Trading profit results compared to two years ago. Trading profit increased by 13.1% to £57.8m as Grocery and Sweet Treats Divisional contribution grew by 8.3% and 22.5% respectively.

These performances reflect clear benefits from the Group's proven branded growth model, through its innovation strategy, consistent brand investment and collaborative customer partnerships. Gross margins and Trading profit margins increased by 40 and 70 basis points respectively compared to two years ago while consumer marketing investment was higher.

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

Commentary versus prior year

The Group delivered Trading profit of £57.8m in the first half of FY20/21, (12.2%) lower than the same period a year ago. Divisional contribution was (12.1%) lower at £77.0m while Group & corporate costs decreased by 11.7% to £19.2m. The Grocery business reported Divisional contribution of £64.3m which was (18.1%) lower than the prior period while Sweet Treats delivered Divisional contribution growth of 39.9% to £12.7m.

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

In Sweet Treats, Divisional contribution grew by £3.6m compared to the prior period reflecting strong revenue growth from *Mr Kipling* and *Cadbury cake* which have flowed through to Divisional contribution. Unlike the Group's grocery categories, the cake market was less impacted by exceptional consumer buying trends during the pandemic in 2020. There were also lower Covid related costs in the Sweet Treats business in the first half of the year compared to the prior period.

The Group continued to invest in its brands in the first half of the year with *Batchelors, Sharwood's* and *Mr Kipling* all benefitting from TV advertising in the period. In the second half of the year, the Group plans to advertise six of its largest brands on TV. This will be the second consecutive year that the Group will be investing behind *Ambrosia, Batchelors, Bisto, Mr Kipling, Oxo* and *Sharwood's* through TV advertising, which serves to demonstrate consistent application of its branded growth model.

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

The Group notes there are a range of challenges facing global supply chains across a number of industries such as a shortage of heavy goods vehicle (HGV) drivers, general labour shortages and an increasingly inflationary environment. The Group is actively and successfully navigating through this environment and has a series of robust plans in place for the second half of the year. With further inflation now evident across a variety of input costs, the Group will be taking a range of actions which it expects will be effective later this financial year.

Operating profit

£m	FY21/22 H1	FY20/21 H1	Change vs 1 year ago	Change vs 2 years ago
Adjusted EBITDA[3]	**67.1**	**74.9**	**(7.8)**	**6.6**
Depreciation	9.3	9.1	(0.2)	0.1
Trading profit	**57.8**	**65.8**	**(8.0)**	**6.7**
Amortisation of intangible assets	(14.3)	(13.5)	(0.8)	0.6
Fair value movements on foreign exchange & derivatives	3.0	(0.3)	3.3	1.7
Reversal of impairment loss of Loan receivable	-	15.7	(15.7)	-
Non-trading items:				
Restructuring costs	-	(2.6)	2.6	0.7
Net interest on pensions and administrative expenses	2.2	0.1	2.1	2.3
Other non-trading	2.6	-	2.6	3.4
Operating profit	**51.3**	**65.2**	**(13.9)**	**15.4**

Operating profit in the period was £51.3m, a decrease of £13.9m compared to the prior period. This was due to two factors; the exceptional Trading profit performance in the prior period as described above and the reversal of the impairment loss on the Hovis loan note principal, also in the prior period.

Amortisation of intangible assets was £14.3m in the first half of the year; this compared to £13.5m in FY20/21 H1. Fair valuation of foreign exchange and derivatives resulted in a positive movement of £3.3m compared to the comparative period. An impairment reversal of £15.7m was recognised in the prior period in respect of the Hovis loan note previously written off; this reflected a reassessment of the loan note's recoverability. Hovis Holdings Limited was disposed by the Company and The Gores Group to Endless LLP on 5 November 2020.

Net interest on pensions and administrative expenses was a credit of £2.2m in the period. Expenses for operating the Group's pension schemes were £3.2m in the period, offset by a net interest credit of £5.4m due to an opening surplus of the Group's combined pension schemes. There were no restructuring costs incurred in the first half of the year; charges in the prior period were £2.6m and were due to costs associated with advisory work on the segregated merger pensions agreement announced on 20 April 2020. Other non-trading income of £2.6m in the period relates primarily to the resolution of a legacy legal matter.

Finance costs

Net finance cost was £20.6m in the period, an increase of £5.9m compared to the comparative period. Net regular interest in H1 was £11.4m, a reduction of £6.7m compared to the prior year. 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"). Consequently, Senior secured notes interest declined by £6.1m to £7.7m in the first half of the year when compared to the prior period.

£m	FY21/22 H1	FY20/21 H1	Change vs 1 year ago	Change vs 2 years ago
Senior secured notes interest	7.7	13.8	6.1	7.8
Bank debt interest - net	2.5	2.7	0.2	(0.3)
	10.2	16.5	6.3	7.5
Amortisation of debt issuance costs	1.2	1.6	0.4	0.5
Net regular interest[5]	**11.4**	**18.1**	**6.7**	8.0
Write-off of financing costs	4.3	0.6	(3.7)	(4.3)
Early redemption fee	4.7	-	(4.7)	(4.7)
Discount unwind	-	0.1	0.1	1.0
Other finance cost	0.4	0.5	0.1	0.1
Other finance income	(0.2)	(4.6)	(4.4)	0.2
Net finance cost	**20.6**	**14.7**	**(5.9)**	0.3

Bank debt interest of £2.5m was £0.2m lower in the first half of the year. The Group's revolving credit facility was £14.0m drawn as at 2 October 2021. Amortisation of debt issuance costs were £0.4m lower at £1.2m, reflecting a lower quantum of borrowing facilities held by the Group.

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

In the prior period, other finance income of £4.6m related to the reversal of the impairment on interest on the Hovis loan note, reflecting the reassessment of the loan note's recoverability.

Taxation

The taxation charge for the 26 weeks ended 3 October 2021 of £9.7m (2020/21: £7.1m) comprised primarily a charge on operating activities of £6.3m (2020/21: £9.6m) and £3.5m due to tax rate changes. In the Government's 2021 spring budget, the rate of corporation tax effective from April 2023 will increase from the current level of 19% to 25%. Therefore, deferred tax balances have been restated depending on the rate which they are expected to unwind.

The Group 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 may recommence paying cash tax in low single digit £millions in the medium term.

Earnings per share

Earnings per share (£m)	FY21/22 H1	FY20/21 H1	Change vs 1 year ago	Change vs 2 years ago
Operating profit	51.3	65.2	(13.9)	15.4
Net finance cost	(20.6)	(14.7)	(5.9)	0.3
Profit before taxation	**30.7**	**50.5**	**(19.8)**	15.7
Taxation	(9.7)	(7.1)	(2.6)	(7.0)
Profit after taxation	21.0	43.4	(22.4)	8.7
Average shares in issue (million)	856.9	849.6	7.3	10.8
Basic Earnings per share (pence)	**2.5**	**5.1**	**(2.6)**	1.0

The Group reported a profit before tax of £30.7m in the period, a decrease of £19.8m compared to FY20/21 H1. Profit after tax in the first half of the year was £22.4m lower at £21.0m.

Compared to two years ago, profit before tax grew by £15.7m and profit after tax increased by £8.7m.

Adjusted earnings per share (£m)	FY21/22 H1	FY20/21 H1	Change vs 1 year ago	Change vs 2 years ago
Trading profit	57.8	65.8	(12.2%)	13.1%
Less: Net regular interest	(11.4)	(18.1)	36.8%	41.2%
Adjusted profit before tax	**46.4**	**47.7**	**(2.9%)**	46.3%
Less: Notional tax (19%)	(8.8)	(9.1)	2.9%	(46.3%)
Adjusted profit after tax[6]	37.6	38.6	(2.9%)	46.3%
Average shares in issue (millions)	856.9	849.6	7.3m	10.8m
Adjusted earnings per share (pence)	**4.4**	**4.5**	**(3.8%)**	44.5%

Adjusted profit before tax decreased by (2.9%) in the period to £46.4m, reflecting lower Trading profit in the period partly offset by lower net regular interest costs as described above. Adjusted profit after tax also decreased by (2.9%), to £37.6m in the first half of the year after deducting a notional 19.0% tax charge of £8.8m. Based on average shares in issue of 856.9 million shares, adjusted earnings per share were (3.8%) lower at to 4.4p.

When compared to two years ago, adjusted profit before tax increased by 46.3% due to both higher Trading profit and a significantly lower net regular interest charge of £11.4m. On this time frame comparison, adjusted profit after tax and adjusted earnings per share increased by 46.3% and 44.5% respectively.

Free cash flow

£m	FY21/22 H1	FY20/21 H1
Statutory cash flow statement		
Cash generated from operating activities	13.5	35.1
Cash used in investing activities	(7.4)	(7.1)
Cash generated from/(used in) financing activities	1.2	(165.5)
Net increase/(decrease) in cash & cash equivalents	**7.3**	**(137.5)**
Cash, cash equivalents and bank overdrafts at beginning of period	1.1	177.9
Cash, cash equivalents and bank overdrafts at end of period	**8.4**	**40.4**

On a statutory basis, cash generated from operations was £28.1m compared to £52.6m in the comparative period. Cash generated from operating activities was £13.5m after deducting net interest paid of £14.6m. Cash generated from financing activities was £1.2m in the period versus (£165.5m) cash used in the prior year. The cash generated from financing activities in the first half of the year included the proceeds from the issuance of the Group's £330m 2026 dated 3.5% Fixed Rate Notes in the period. These proceeds were largely offset by the repayment in full of the Group's £300m 2023 dated 6.25% Fixed Rate Notes, the last remaining £20m of the Group's FRN, financing fees of £8.5m, an early redemption fee of £4.7m relating to the retirement of the £300m Fixed Rate Notes and dividends paid to shareholders of £8.5m. In the prior period, the Group repaid a drawdown of £85.0m on its committed revolving credit facility in the first quarter of the year. This followed an earlier prudent decision by the Group at the end of the previous financial year to draw this £85.0m sum, reflecting early stage wider uncertainties associated with the COVID-19 pandemic. Secondly, the Group used cash generated during FY19/20 to fund an £80.0m part redemption of its FRN on 17 June 2020. The last remaining tranche of these Floating Rate Notes was repaid in full on 3 June 2021.

£m	FY21/22 H1	FY20/21 H1
Trading profit	57.8	65.8
Depreciation	9.3	9.1
Other non-cash items	1.4	1.4
Interest	(14.6)	(17.5)
Pension contributions	(19.5)	(26.3)
Capital expenditure	(6.3)	(7.1)
Working capital & other	(23.2)	4.5
Non-trading items	2.0	(3.2)
Proceeds from share issue	0.6	0.8
Re-financing fees	(13.2)	-
Dividend (including pensions match)	(11.0)	-
Free cash flow[10]	**(16.7)**	**27.5**

The Group reported an outflow of Free cash in the period of £16.7m. Trading profit of £57.8m was £8.0m lower than the prior year for the reasons outlined above, while depreciation of £9.3m was similar to the prior year. Other non-cash items of £1.4m in line with FY20/21 and was predominantly due to share based payments.

Net interest paid of £14.6m was £2.9m lower than the prior year; this was largely due to reduced interest payments following the part redemptions of the Group's FRN undertaken during FY20/21 and the final redemption payment made in the period. As with the prior year period, no taxation was paid in the period due to the availability of brought forward losses and capital allowances.

Total pension contributions in the first half of the year were £19.5m (2020/21 H1: £26.3m); the reduction reflecting lower administration costs and the phasing of government levy costs. Pension deficit contribution payments were £18.9m in the period and administration costs were £0.6m.

Capital expenditure in the first half of the year was £6.3m; this was slightly lower than the prior year and reflects timing of payments of capital projects and also continued Covid restrictions for some projects at manufacturing sites. In the full year, the Group expects capital expenditure to be approximately £25m, 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 program, is that through improving operational efficiency, the resultant accretion in gross margin provides additional fund for brand investment. This strategy of investing in supply chain infrastructure represents a virtuous cycle to provide the fuel for the Group's branded growth model.

The first half of the year saw a working capital outflow of (£23.2m) compared to an inflow of £4.5m in FY20/21 H1. This outflow in the half was largely due to higher stock levels compared to six months ago as the Group builds stock for the Christmas season.

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

Net debt and sources of finance

Net debt at 2 October 2021 was £345.0m, an increase of £12.3m compared to the previous year end and £58.1m lower than the same point a year ago. On a pre-IFRS 16 basis, Net debt was £327.7m which is £13.6m higher than the previous year end and £55.1m lower than FY20/21 H1. Free cash outflow in the period was (£6.7m) and the movement in debt issuance costs was £3.1m. As at 2 October 2021, the Group held cash and bank deposits of £8.4m.

£m	Pre-IFRS 16[11]	Post-IFRS 16
Net debt at 3 April 2021	**314.1**	**332.7**
Free cash outflow in period	16.7	16.7
Movement in debt issuance costs	(3.1)	(3.1)
Movement in lease creditor	-	(1.3)
Net debt at 2 October 2021	**327.7**	**345.0**

During the period, the Group entered into a new revolving credit facility (RCF) with an updated lending group for a period of three years from May 2021 with extension options for up to two additional years. This new senior secured RCF is a committed facility of £175m with an interest margin grid broadly in line with the previous RCF. The prevailing coupon on the RCF is currently 2.5% above GBP SONIA and undrawn elements of the RCF attract interest equivalent to 35% of the applicable margin. Additionally, the Group issued new October 2026 dated £330m Fixed Rate Notes during the period. These notes attract an interest coupon of 3.5%; the first call date in 15 June 2023. As referred to above, the Group redeemed in full its £300m 2023 dated Fixed Rate Notes and the outstanding 2022 dated FRN in the period.

Pensions

IAS 19 results and commentary

IAS 19 Accounting Valuation (£m)	2 October 2021			3 April 2021		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,489.4	828.1	5,317.5	4,459.4	792.5	5,251.9
Liabilities	(3,532.6)	(1,177.2)	(4,709.8)	(3,536.9)	(1,175.1)	(4,712.0)
Surplus/(Deficit)	**956.8**	**(349.1)**	**607.7**	**922.5**	**(382.6)**	**539.9**
Net of deferred tax (25%/19.0%)	717.6	(261.8)	455.8	747.2	(309.9)	437.3

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 2 October 2020 of £607.7m, an increase of £67.8m compared to six months earlier. This is equivalent to a surplus of £455.8m net of a deferred tax charge of 25.0%. An increase in asset values is the key driver behind the increase in the surplus compared to 3 April 2021. Liabilities in each of the two sets of schemes were broadly unchanged, with the discount rate assumption constant at 2.0%. When compared to the position at 3 April 2021, the RHM scheme surplus increased by 3.7% while the Premier Foods' scheme deficit reduced by 8.8%.

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 increased by £65.6m, or by 1.2%, to £5,317.5m in the period. RHM scheme assets increased by £30.0m to £4,489.4m while the Premier Foods' schemes assets increased by £35.6m to £828.1m.

In the combined schemes, liabilities decreased by just £2.2m, less than 0.1%, to £4,709.8m. The RPI inflation rate assumption used increased by fifteen basis points to 3.40%.

Combined pensions schemes (£m)	2 October 2021	3 April 2021
Assets		
Equities	**16.1**	14.9
Government bonds	**1,610.0**	1,625.4
Corporate bonds	**10.9**	1.0
Property	**513.6**	467.9
Absolute return products	**963.2**	1,112.1
Cash	**38.5**	79.8
Infrastructure funds	**324.9**	321.5
Swaps	**518.0**	485.4
Private equity	**279.3**	240.6
LDI	**5.1**	191.2
Illiquid credits	**202.8**	174.9
Global credits	**637.5**	318.6
Other	**197.6**	218.6
Total Assets	**5,317.5**	5,251.9
Liabilities		
Discount rate	**2.00%**	2.00%
Inflation rate (RPI/CPI)	**3.40%/2.95%**	3.25%/2.80%

Following the segregated merger of the Group's pension schemes, effective June 2020, a funding valuation of the Premier Foods and Premier Grocery Products sections as at 31 March 2021 is currently in progress. Separately, the net present value of future pension contributions to the end of the respective recovery periods is in the range of £300-320m[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 46 to 53 of the annual report and accounts for the financial period ended 3 April 2021 and these remain relevant for the current period. The major strategic and operational risks are summarised under the headings of Impact of Government legislation, Macroeconomic and geopolitical instability, Market and retailer actions, Operational integrity, Legal compliance, Technology, Product portfolio, HR and employee risk, Strategy delivery, International expansion. 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.

Alex Whitehouse	Duncan Leggett
Chief Executive Officer	Chief Financial Officer

Appendices

The Company's Half year results are presented for the 26 weeks ended 2 October 2021 and the comparative period, 26 weeks ended 26 September 2020. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 2 October 2021 and the comparative periods, 13 weeks ended 26 September 2020 and 13 weeks ended 28 September 2019.

Quarter 2 Sales

Q2 Sales (£m)	**Grocery**	**Sweet Treats**	**Group**
Branded	130.8	51.4	182.2
Non-branded	20.1	5.9	26.0
Total	**150.9**	**57.3**	**208.2**
% change vs 1 year ago			
Branded	(0.4%)	9.4%	+2.1%
Non-branded	(13.6%)	2.7%	(10.5%)
Total	**(2.5%)**	**8.6%**	**+0.4%**
% change vs 2 years ago			
Branded	12.5%	15.4%	13.3%
Non-branded	(17.8%)	(10.6%)	(16.3%)
Total	**7.2%**	**12.1%**	**8.5%**

Notes and definitions of non-GAAP measures

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

1. The Group uses Trading profit to review overall Group profitability. Trading profit is defined as profit/(loss) before tax, before net finance costs, amortisation of intangible assets, 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.
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business segment.
3. Adjusted EBITDA is Trading profit as defined in (1) above excluding depreciation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other interest payable and other finance income.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2020/21: 19.0%).
7. Adjusted earnings per share is Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 856.9 million (26 weeks ended 26 September 2020: 849.6 million).
8. International sales 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 and two years ago, as applicable.
9. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
10. Free cash flow is defined as the change in Net debt as defined in (9) above before the movement in debt issuance costs.
11. Net debt on a pre-IFRS 16 basis, which excludes lease liabilities.
12. IRI, 24 weeks ended 2 October 2021.
13. The schedule of future contributions are as agreed per the 2019 actuarial funding valuation for the Premier Foods Schemes, discounted using the Company post tax WACC of 7.5%.

Additional notes:

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

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial information has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;

- the interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial information; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Premier Foods plc are listed on pages 56-57 of the Premier Foods plc annual report and accounts for the 53 weeks ended 3 April 2021.

Approved by the Board on 16 November 2021 and signed on its behalf by:

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO PREMIER FOODS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial information in the half-yearly financial report for the 26 weeks ended 2 October 2021 which comprises the condensed consolidated balance sheet, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 2 October 2021 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. 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. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Zulfikar Walji
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
16 November 2021

Condensed consolidated statement of profit or loss (unaudited)

	Note	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Revenue	4	**394.1**	421.5
Cost of sales		**(257.5)**	(274.9)
Gross profit		**136.6**	146.6
Selling, marketing and distribution costs		**(59.6)**	(59.1)
Administrative costs		**(25.7)**	(38.0)
Reversal of impairment losses on financial assets	4	**-**	15.7
Operating profit	4	**51.3**	65.2
Finance cost	5	**(21.1)**	(20.1)
Finance income	5	**0.5**	5.4
Profit before taxation		**30.7**	50.5
Taxation charge	6	**(9.7)**	(7.1)
Profit for the period attributable to owners of the parent		**21.0**	43.4
Basic earnings per share (pence)	7	**2.5**	5.1
Diluted earnings per share (pence)	7	**2.4**	5.0

The notes on pages 24 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income (unaudited)

	Note	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Profit for the period		**21.0**	43.4
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	8	**43.5**	(740.4)
Deferred tax (charge)/credit		**(30.6)**	137.9
Current tax credit on pensions		**3.1**	3.6
Items that are or may be reclassified to profit or loss			
Exchange differences on translation		**0.1**	0.3
Other comprehensive income, net of tax		**16.1**	(598.6)
Total comprehensive income attributable to owners of the parent		**37.1**	(555.2)

The notes on pages 24 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated balance sheet (unaudited)

	Note	**As at 2 Oct 2021 £m**	As at 3 Apr 2021 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**188.0**	192.1
Goodwill		**646.0**	646.0
Other intangible assets		**304.0**	317.2
Deferred tax assets		**23.1**	28.4
Net retirement benefit assets	8	**969.7**	934.7
		2,130.8	2,118.4
Current assets			
Stocks		**90.7**	68.8
Trade and other receivables		**75.4**	83.4
Derivative financial instruments	10	**1.1**	0.1
Cash and cash equivalents	12	**8.4**	4.2
		175.6	156.5
Total assets		**2,306.4**	2,274.9
LIABILITIES:			
Current liabilities			
Trade and other payables		**(241.8)**	(249.8)
Financial liabilities:			
– short-term borrowings	9	**(14.0)**	(3.1)
– derivative financial instruments	10	**(0.3)**	(2.3)
Lease liabilities	9	**(2.2)**	(2.3)
Provisions for liabilities and charges	11	**(2.6)**	(6.2)
		(260.9)	(263.7)
Non-current liabilities			
Long term borrowings	9	**(322.1)**	(315.2)
Lease liabilities	9	**(15.1)**	(16.3)
Net retirement benefit obligations	8	**(362.0)**	(394.8)
Provisions for liabilities and charges	11	**(8.7)**	(8.4)
Deferred tax liabilities		**(116.9)**	(85.8)
Other liabilities		**(6.0)**	(7.1)
		(830.8)	(827.6)
Total liabilities		**(1,091.7)**	(1,091.3)
Net assets		**1,214.7**	1,183.6
EQUITY:			
Capital and reserves			
Share capital		**85.9**	85.5
Share premium		**0.8**	0.6
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**785.6**	755.1
Total equity		**1,214.7**	1,183.6

The notes on pages 24 to 41 form an integral part of the condensed consolidated interim financial information.

Condensed consolidated statement of cash flows (unaudited)

	Note	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Cash generated from operations	12	**28.1**	52.6
Interest paid		**(14.9)**	(18.0)
Interest received		**0.3**	0.5
Cash generated from operating activities		**13.5**	35.1
Purchase of property, plant and equipment		**(6.0)**	(6.2)
Purchase of intangible assets		**(1.4)**	(0.9)
Cash used in investing activities		**(7.4)**	(7.1)
Proceeds from borrowings		**344.0**	-
Repayment of borrowings		**(320.0)**	(165.0)
Repayment of lease liabilities		**(1.3)**	(1.1)
Financing fees[1]		**(8.5)**	-
Early redemption fee[1]		**(4.7)**	-
Dividends paid		**(8.5)**	-
Proceeds from share issue		**0.6**	0.8
Purchase of shares to satisfy share awards		**(0.4)**	(0.2)
Cash generated from/(used in) financing activities		**1.2**	(165.5)
Net increase/(decrease) of cash and cash equivalents		**7.3**	(137.5)
Cash, cash equivalents and bank overdrafts at beginning of period		**1.1**	177.9
Cash, cash equivalents and bank overdrafts at end of period	12	**8.4**	40.4

[1] Relate 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 24 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 29 March 2020		84.8	1,409.4	351.7	(9.3)	(156.6)	1,680.0
Profit for the period		-	-	-	-	43.4	43.4
Remeasurements of defined benefit schemes	8	-	-	-	-	(740.4)	(740.4)
Deferred tax credit		-	-	-	-	137.9	137.9
Current tax credit						3.6	3.6
Exchange differences on translation		-	-	-	-	0.3	0.3
Other comprehensive income		-	-	-	-	(598.6)	(598.6)
Total comprehensive income		-	-	-	-	(555.2)	(555.2)
Shares issued		0.4	0.4	-	-	-	0.8
Share-based payments		-	-	-	-	1.0	1.0
Purchase of shares to satisfy share awards		-	-	-	-	(0.2)	(0.2)
Deferred tax movements on share-based payments		-	-	-	-	1.3	1.3
At 26 September 2020		85.2	1,409.8	351.7	(9.3)	(709.7)	1,127.7
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)**
Current tax credit						**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**

The notes on pages 24 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 and domiciled in England and Wales, registered number 5160050, 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 3 April 2021.

2. Accounting policies

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 2 April 2022 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, the 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 53 weeks ended 3 April 2021 which were prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with 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.

The financial information for the period ended 2 October 2021 is unaudited but has been subject to an independent review by KPMG LLP.

The Group's financial statements for the 53 weeks ended 3 April 2021, which were approved by the Board of Directors on 19 May 2021, were reported on by KPMG LLP and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not contain a reference to any matters to which the Auditor 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 2021.

Basis for preparation of financial information on a going concern basis

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 was compliant with its covenant tests as at 3 April 2021 and 2 October 2021.

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

At 2 October 2021, the Group had total assets less current liabilities of £2,045.5m and net assets of £1,214.7m. Liquidity as at that date was £169.4m, made up of cash and cash equivalents, and undrawn committed credit facilities of £161.0m expiring in May 2024. At the time of the approval of this report, the cash and liquidity position of the group has not changed significantly.

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

The Directors have rigorously reviewed the situation relating to Covid-19 and inflationary pressures across the industry, and have modelled a series of 'downside case' scenarios impacting future financial performance, cash flows and covenant compliance, that cover a period of at least 12 months from the date of approval of the financial statements. These downside cases represent severe but plausible scenarios and include assumptions relating to an estimate of the impact of inflation on the cost of production not fully recovered through pricing and the closure of a proportion of manufacturing sites due to colleague absence as opposed to Government imposed guidelines. The Directors believe that the risk of enforced site closures is low and continue to operate with additional health and safety measures in all factories to minimise the risk of a major supply disruption. To date there have been no manufacturing site closures and a large proportion of colleagues have now received a double vaccination. The Directors have also considered driver shortages, climate change 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.

Whilst the downside scenario is severe but plausible, it is considered by the Directors to be prudent, having an adverse impact on revenue, margin and cash flow. The Directors, in response, identified mitigating actions within their control, that would reduce costs, optimising cashflow and liquidity. Amongst these are the following actions: reducing capital expenditure, reducing marketing spend and delaying or cancelling discretionary spend. The Directors have assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

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

3. Significant accounting policies, estimates and judgements

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

Significant accounting policies

The following are considered to be the significant accounting policies:

Deferred tax

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The Group has a significant loss related to prior periods. The deferred tax assets and liabilities on a gross basis are material to the financial information.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted as at the balance sheet date.

For the purpose of recognising deferred tax on the pension scheme surplus, withholding tax (at 35%) would apply for any surplus being refunded to the Group at the end of the life of the scheme. Corporation tax rate is 19% (2020/21: 19%). In the spring budget of 2021, the corporation tax rate increased from the current 19% to 25% starting April 2023. Therefore, the deferred tax balances have been restated between 22% to 25% depending on the rate they are expected to unwind.

The directors have concluded that the future corporation tax rate of 25% should apply to the recognition of deferred tax on the pension scheme surplus, reflecting the directors' intention regarding the manner of recovery of the deferred tax asset.

Deferred tax is recognised in the statement of profit or loss except when it relates to items credited or charged directly to OCI, in which case the deferred tax is also recognised in equity.

When calculating the value of the deferred tax asset or liability, consideration is given to the size of gross deferred tax liabilities and deferred tax assets available to offset this. To the extent that deferred tax assets exceed liabilities, estimation is required around the level of asset that can be supported. The following factors are taken into consideration.

- Historic business performance
- Projected profits or losses and other relevant information that allow profits chargeable to corporation tax to be derived
- The total level of recognised and unrecognised losses that can be used to reduce future forecast taxable profits
- The period over which there is sufficient certainty that profits can be made that would support the recognition of an asset

Estimates

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

Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members. Each of the underlying assumptions is set out in more detail in note 8.

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

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

Where statements are not available at the reporting date a roll forward of cash transactions between statement date and balance sheet date is performed.

Goodwill

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

The Group has considered these indicators along with underlying trading performance assumed within the impairment analysis and concluded that there were no indicators of impairment during the 26 weeks ended 2 October 2021.Whilst uncertainty still exists in respect of the potential future impact of Covid-19, the Group has experienced no net financial adverse impact of the Covid-19 pandemic to date.

Commercial arrangements

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

For short term promotions, the Group performs a true up of estimates where necessary on a monthly basis, using real time customer sales information where possible and finally on receipt of a customer claim which typically follows 1-2 months after the end of a promotion. For longer term discounts and rebates the Group uses actual and forecast sales to estimate the level of rebate. These accruals are updated monthly based on latest actual and forecast sales.

Judgements

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

Non-trading items

Non-trading items have been presented separately throughout the financial information. These are items that management believes require separate disclosure by virtue of their nature in order that the users of the financial information 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.

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 Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells 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. This is in accordance with the criteria set out in IFRS 8.

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, non-trading items, fair value movements on foreign exchange and other derivative contracts and net interest on pensions and administrative expenses.

The segment results for the period ended 2 October 2021 and 26 September 2020, and the reconciliation of the segment measures to the respective statutory items included in the financial information, are as follows:

			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. See note 5 for further details.

			26 weeks ended 26 Sept 2020
	Grocery	Sweet Treats	Total
	£m	£m	£m
Revenue	**316.7**	**104.8**	**421.5**
Divisional contribution	**78.5**	**9.1**	**87.6**
Group and corporate costs			**(21.8)**
Trading profit			**65.8**
Amortisation of intangible assets			**(13.5)**
Fair value movements on foreign exchange and other derivative contracts			**(0.3)**
Reversal of impairment losses on financial assets[1]			**15.7**
Net interest on pensions and administrative expenses			**0.1**
Non-trading items:			
- Restructuring costs			**(2.6)**
Operating profit			**65.2**
Finance cost			**(20.1)**
Finance income[2]			**5.4**
Profit before taxation			**50.5**
Depreciation	(5.1)	(4.0)	(9.1)

[1]Revaluation of the Hovis loan note principal, driven by value attributed to this loan through the Hovis sales process.

[2]Finance income in 2020/21 includes £4.6m reversal of the impairment of the interest on the Hovis loan note, driven by value attributed to this loan through the Hovis sales process.

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

5. Finance income and costs

	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Interest payable on bank loans and overdrafts	**(2.5)**	(2.9)
Interest payable on senior secured notes	**(7.7)**	(13.8)
Interest payable on revolving facility	**(0.3)**	(0.6)
Amortisation of debt issuance costs	**(1.2)**	(1.6)
	(11.7)	(18.9)
Write off of financing costs[1]	**(4.3)**	(0.6)
Early redemption fee[2]	**(4.7)**	-
Other interest payable	**(0.4)**	(0.6)
Total finance cost	**(21.1)**	(20.1)
Interest receivable on bank deposits	**0.3**	0.8
Other finance income	**0.2**	4.6
Total finance income	**0.5**	5.4
Net finance cost	**(20.6)**	(14.7)

[1] Relates to the refinancing of the senior secured fixed rate notes due 2023 and revolving credit facility in the current period and redemption of senior secured floating rate notes due 2022 in the previous period. See note 9 for further details.

[2] 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 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Current tax		
- Current period	**(3.1)**	(3.6)
Deferred tax		
- Current period	**(3.2)**	(3.4)
- Prior periods	**0.1**	(0.1)
- Changes in tax rate	**(3.5)**	-
Income tax charge	**(9.7)**	(7.1)

Tax relating to items recorded in other comprehensive income included:

	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Corporation tax credit on pension movements	**3.1**	3.6
Deferred tax charge on change in corporate tax rate	**(17.9)**	-
Deferred tax credit on prior year	**1.6**	-
Deferred tax (charge)/credit on pension movements	**(14.3)**	137.9
	(27.5)	141.5

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 April 2023. Therefore, the deferred tax balances have been restated between 22% to 25% depending on the rate at which they are expected to unwind. As a result of the change in tax rate a tax charge of £3.5m has been recorded in the consolidated statement of profit or loss and a tax charge of £17.9m has been recorded in other comprehensive income.

Tax charged for the 26 weeks ended 2 October 2021 has been calculated by applying the effective rate of tax which is expected to apply to Group for the period ended 2 April 2022 using rates substantively enacted by 2 October 2021 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% (2020/21: 19.0%). The reason for the increase in the tax rate is primarily driven by the change in corporate tax rate as explained above. See below for more details:

	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Profit before taxation	**30.7**	50.5
Tax charge at the domestic income tax rate of 19.0% (2019/20: 19.0%)	**(5.8)**	(9.6)
Tax effect of:		
Non-deductible items	**-**	(0.5)
Other disallowable items	**0.2**	0.1
Reversal of impairment losses on financial assets	**-**	3.0
Adjustment to restate opening deferred tax balances	**(3.5)**	-
Difference between current and deferred tax rate	**(0.7)**	-
Adjustments to prior periods	**0.1**	(0.1)
Income tax charge	**(9.7)**	(7.1)

7. Earnings per share

Basic earnings per share has been calculated by dividing the profit for the period ended 2 October 2021 attributable to owners of the parent of £21.0m (2020/21: £43.4m profit) by the weighted average number of ordinary shares of the Company.

	26 weeks ended 2 Oct 2021 Number	26 weeks ended 26 Sept 2020 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share (m)	**856.9**	849.6
Effect of dilutive potential ordinary shares (m)	**18.2**	14.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**875.1**	864.5

	26 weeks ended 2 Oct 2021			26 weeks ended 26 Sept 2020		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	**21.0**		**21.0**	43.4		43.4
Weighted average number of shares (m)	**856.9**	**18.2**	**875.1**	849.6	14.9	864.5
Earnings per share (pence)	**2.5**	**(0.1)**	**2.4**	5.1	(0.1)	5.0

Dilutive effect of share options

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

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

Adjusted earnings per share ("Adjusted EPS")

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

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

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

	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Trading profit	**57.8**	65.8
Less net regular interest	**(11.4)**	(18.1)
Adjusted profit before tax	**46.4**	47.7
Notional tax at 19% (2020/21: 19%)	**(8.8)**	(9.1)
Adjusted profit after tax	**37.6**	38.6
Average shares in issue (m)	**856.9**	849.6
Adjusted EPS (pence)	**4.4**	4.5

Net regular interest		
Net finance cost	**(20.6)**	(14.7)
Exclude write off of financing costs	**4.3**	0.6
Exclude early redemption fee	**4.7**	-
Exclude other interest payable	**0.4**	0.6
Exclude other finance income	**(0.2)**	(4.6)
Net regular interest	**(11.4)**	(18.1)

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. These are as follows:

(a) The Premier schemes, which comprise:

Premier Foods Pension Scheme ('PFPS') (section of RHM Pension Scheme)
Premier Grocery Products Pension Scheme ('PGPPS') (section of RHM Pension Scheme)
Premier Grocery Products Ireland Pension Scheme ('PGPIPS')
Chivers 1987 Pension Scheme
Chivers Supplementary Pension Scheme
Hillsdown Holdings Limited Pension Scheme

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

Actuarial valuations are being conducted for the Premier Foods and Premier Grocery Products Sections as at 31 March 2021. Draft valuation reports were not available at the time of preparing the financial information. The triennial valuation cycle will then continue with effect from 31 March 2022 for all three sections of the RHM Pension Scheme. Actuarial valuations for the schemes based in Ireland were completed during the course of 2019 and 2020.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.1642 for the average rate during the period, and £1.00 = €1.1672 for the closing position at 2 October 2021.

All pension schemes are closed to future accrual with the exception of the Premier Foods Ireland Pension Scheme which contains notional accrual under a legacy arrangement for two of its members.

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.

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

	Premier schemes	RHM schemes
At 2 October 2021		
Discount rate	**2.00%**	**2.00%**
Inflation – RPI	**3.40%**	**3.40%**
Inflation – CPI	**2.95%**	**2.95%**
Expected salary increases	**n/a**	**n/a**
Future pension increases	**2.15%**	**2.15%**
At 3 April 2021		
Discount rate	2.00%	2.00%
Inflation – RPI	3.25%	3.25%
Inflation – CPI	2.80%	2.80%
Expected salary increases	n/a	n/a
Future pension increases	2.10%	2.10%

For the smaller overseas schemes, the discount rate used was 1.15% (2020/21: 1.10%) and future pension increases were 1.70% (2020/21: 1.60%).

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) 2020 projections released in March 2021 for the future improvement assumption a reasonable approach. Whilst the CMI projections are the latest available, it is too soon to quantify the impact Covid-19 may have on the scheme liabilities and the directors will continue to monitor any potential future impact upon the mortality assumptions used.

	Premier schemes	**% of total**	**RHM schemes**	**% of total**	**Total**	**% of total**
	£m	**%**	**£m**	**%**	**£m**	
Assets with a quoted price in an active market at 2 October 2021:						
Government bonds	**404.3**	**48.8**	**1,167.5**	**26.0**	**1,571.8**	**29.6**
Cash	**5.0**	**0.6**	**31.4**	**0.7**	**36.4**	**0.7**
Assets without a quoted price in an active market at 2 October 2021:						
UK equities	**0.8**	**0.1**	**0.3**	**0.0**	**1.1**	**0.0**
Global equities	**9.2**	**1.1**	**5.8**	**0.1**	**15.0**	**0.3**
Government bonds	**33.3**	**4.0**	**4.9**	**0.1**	**38.2**	**0.7**
Corporate bonds	**2.1**	**0.3**	**8.8**	**0.2**	**10.9**	**0.2**
UK Property	**82.8**	**10.0**	**273.8**	**6.1**	**356.6**	**6.7**
European property	**29.3**	**3.6**	**127.7**	**2.9**	**157.0**	**3.0**
Absolute return products	**66.9**	**8.1**	**896.3**	**20.0**	**963.2**	**18.1**
Infrastructure funds	**22.6**	**2.7**	**302.3**	**6.7**	**324.9**	**6.1**
Interest rate swaps	**-**	**-**	**458.3**	**10.2**	**458.3**	**8.6**
Inflation swaps	**-**	**-**	**59.7**	**1.3**	**59.7**	**1.1**
Private equity	**32.7**	**3.9**	**246.6**	**5.5**	**279.3**	**5.3**
LDI	**-**	**-**	**5.1**	**0.1**	**5.1**	**0.1**
Global credit	**74.2**	**9.0**	**563.3**	**12.5**	**637.5**	**12.0**
Illiquid credit	**60.0**	**7.2**	**142.8**	**3.2**	**202.8**	**3.8**
Cash	**2.0**	**0.2**	**0.1**	**0.0**	**2.1**	**0.0**
Other	**2.9**	**0.4**	**194.7**	**4.4**	**197.6**	**3.7**
Fair value of scheme assets as at 2 October 2021	**828.1**	**100**	**4,489.4**	**100**	**5,317.5**	**100**
Assets with a quoted price in an active market at 3 April 2021:						
Government bonds	45.1	5.7	1,527.7	34.3	1,572.8	29.9
Cash	14.8	1.9	64.9	1.5	79.7	1.5
Assets without a quoted price in an active market at 3 April 2021[1]:						
UK equities	0.6	0.1	0.3	0.0	0.9	0.1
Global equities	8.1	1.0	5.9	0.1	14.0	0.3
Government bonds	34.3	4.3	18.3	0.4	52.6	1.0
Corporate bonds	1.0	0.1	-	-	1.0	0.0
UK Property	84.6	10.7	278.8	6.2	363.4	6.9
European property	20.6	2.6	83.9	1.9	104.5	2.0
Absolute return products	228.2	28.8	883.9	19.8	1,112.1	21.1
Infrastructure funds	19.3	2.5	302.2	6.8	321.5	6.1
Interest rate swaps	-	-	464.2	10.4	464.2	8.8
Inflation swaps	-	-	21.2	0.5	21.2	0.4
Private equity	22.3	2.8	218.3	4.9	240.6	4.6
LDI	191.2	24.1	-	-	191.2	3.6
Global credit	16.9	2.1	301.7	6.8	318.6	6.1
Illiquid credit	47.1	5.9	127.8	2.9	174.9	3.4
Cash	0.1	0.0	-	-	0.1	0.0
Other[2]	58.3	7.4	160.3	3.5	218.6	4.2
Fair value of scheme assets as at 3 April 2021	792.5	100	4,459.4	100	5,251.9	100

[1] Updated to provide enhanced disclosure on the assets within the Other category.
[2] Included in Other in the RHM schemes is £112.8m of assets which have been sold during the 53 weeks ended 3 April 2021 and are awaiting settlement at the year-end 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.

Where pensions asset valuations are not available as at the balance sheet, the directors use the most recent valuation available, reflect cash movements to the balance sheet date and then assess and make adjustments based upon their review of appropriate market movements which could impact upon the valuations reported. Pension asset valuations are therefore subject to estimation uncertainty due to market volatility, which could result in a material movement in asset values over the next 12 months.

The mortality assumptions are based on standard mortality tables and allow for future mortality improvements. The assumptions are as follows:

	Premier schemes	RHM schemes
Life expectancy at 2 October 2021		
Male pensioner, currently aged 65	**87.2**	**85.4**
Female pensioner, currently aged 65	**89.4**	**87.8**
Male non-pensioner, currently aged 45	**87.8**	**86.6**
Female non-pensioner, currently aged 45	**90.4**	**89.4**
Life expectancy at 3 April 2021		
Male pensioner, currently aged 65	87.2	85.4
Female pensioner, currently aged 65	89.4	87.8
Male non-pensioner, currently aged 45	87.8	86.6
Female non-pensioner, currently aged 45	90.4	89.4

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	RHM schemes	Total
	£m	£m	£m
At 2 October 2021			
Present value of defined benefit obligation	**(1,177.2)**	**(3,532.6)**	**(4,709.8)**
Fair value of plan assets	**828.1**	**4,489.4**	**5,317.5**
(Deficit)/surplus in schemes	**(349.1)**	**956.8**	**607.7**
At 3 April 2021			
Present value of defined benefit obligation	(1,175.1)	(3,536.9)	(4,712.0)
Fair value of plan assets	792.5	4,459.4	5,251.9
(Deficit)/surplus in schemes	(382.6)	922.5	539.9

The aggregate surplus of £539.9m has increased to a surplus of £607.7m during the period ended 2 October 2021. The increase of £67.8m (53 weeks ended 3 April 2021: £690.5 decrease) is primarily due to remeasurement gains on scheme assets.

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 28 March 2020	**(1,049.6)**	**(3,240.0)**	**(4,289.6)**
Interest cost	(22.8)	(60.4)	(83.2)
Past service cost	(0.4)	(2.5)	(2.9)
Settlement	27.4	57.8	85.2
Remeasurement loss	(171.6)	(442.8)	(614.4)
Exchange differences	2.6	1.5	4.1
Benefits paid	39.3	149.5	188.8
Defined benefit obligation at 3 April 2021	**(1,175.1)**	**(3,536.9)**	**(4,712.0)**
Interest cost	**(11.4)**	**(34.8)**	**(46.2)**
Remeasurement losses	**(9.3)**	**(31.0)**	**(40.3)**
Exchange differences	**(0.2)**	**(0.1)**	**(0.3)**
Benefits paid	**18.8**	**70.2**	**89.0**
Defined benefit obligation at 2 October 2021	**(1,177.2)**	**(3,532.6)**	**(4,709.8)**

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 28 March 2020	774.7	4,745.3	5,520.0
Interest income on scheme assets	16.2	81.4	97.6
Settlement	(18.1)	(61.1)	(79.2)
Remeasurement gains/(losses)	16.7	(152.6)	(135.9)
Administrative costs	(6.8)	(3.9)	(10.7)
Contributions by employer	45.5	1.5	47.0
One-off contribution by employer[1]	7.0	-	7.0
Exchange differences	(3.4)	(1.7)	(5.1)
Benefits paid	(39.3)	(149.5)	(188.8)
Fair value of scheme assets at 3 April 2021	**792.5**	**4,459.4**	**5,251.9**
Interest income on scheme assets	**7.6**	**44.0**	**51.6**
Remeasurement gains	**26.8**	**57.0**	**83.8**
Administrative costs	**(2.0)**	**(1.2)**	**(3.2)**
Contributions by employer	**19.3**	**0.2**	**19.5**
Dividend match pension contribution[2]	**2.5**	**-**	**2.5**
Exchange differences	**0.2**	**0.2**	**0.4**
Benefits paid	**(18.8)**	**(70.2)**	**(89.0)**
Fair value of plan assets at 2 October 2021	**828.1**	**4,489.4**	**5,317.5**

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

The reconciliation of the net defined benefit surplus over the period is as follows:

	Premier schemes £m	RHM schemes £m	Total £m
(Deficit)/surplus in schemes at 28 March 2020	**(274.9)**	**1,505.3**	**1,230.4**
Amount recognised in profit or loss	(4.5)	11.3	6.8
Remeasurements recognised in other comprehensive income	(154.9)	(595.4)	(750.3)
Contributions by employer	45.5	1.5	47.0
One-off contribution by employer	7.0	-	7.0
Exchange differences recognised in other comprehensive income	(0.8)	(0.2)	(1.0)
(Deficit)/surplus in schemes at 3 April 2021	**(382.6)**	**922.5**	**539.9**
Amount recognised in profit or loss	**(5.8)**	**8.0**	**2.2**
Remeasurements recognised in other comprehensive income	**17.5**	**26.0**	**43.5**
Contributions by employer	**19.3**	**0.2**	**19.5**
Dividend match pension contribution	**2.5**	**-**	**2.5**
Exchange differences recognised in other comprehensive income	**-**	**0.1**	**0.1**
(Deficit)/surplus in schemes at 2 October 2021	**(349.1)**	**956.8**	**607.7**

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 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**
26 weeks ended 26 September 2020			
Operating profit			
Settlement cost	**-**	**(3.3)**	**(3.3)**
Administrative costs	**(3.5)**	**(2.4)**	**(5.9)**
Net interest (cost)/credit	**(3.4)**	**12.7**	**9.3**
Total (cost)/credit	**(6.9)**	**7.0**	**0.1**
52 weeks ended 3 April 2021			
Operating profit			
Past service cost	**(0.4)**	**(2.5)**	**(2.9)**
Settlement cost	**9.3**	**(3.3)**	**6.0**
Administrative costs	**(6.8)**	**(3.9)**	**(10.7)**
Net interest (cost)/credit	**(6.6)**	**21.0**	**14.4**
Total (cost)/credit	**(4.5)**	**11.3**	**6.8**

9. Bank and other borrowings

	As at 2 Oct 2021 £m	As at 03 Apr 2021 £m
Current:		
Bank overdrafts	**-**	(3.1)
Secured senior credit facility - revolving	**(14.0)**	-
Lease liabilities	**(2.2)**	(2.3)
Total borrowings due within one year	**(16.2)**	(5.4)
Non-current:		
Lease liabilities	**(15.1)**	(16.3)
	(15.1)	(16.3)
Transaction costs[1]	**7.9**	4.8
	7.9	4.8
Senior secured notes	**(330.0)**	(320.0)
	(322.1)	(320.0)
Total borrowings due after more than one year	**(337.2)**	(331.5)
Total bank and other borrowings	**(353.4)**	(336.9)

[1]Included in transaction costs is £2.3m (2020/21: £3.5m) relating to the revolving credit facility. During the period, transaction costs of £8.5m were capitalised in relation to the new revolving credit facility and the issue of senior secured fixed rate notes.

Revolving credit facility

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

The covenant package attached to the revolving credit facility is:

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

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

Senior secured notes

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

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

10. Financial instruments

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

	As at 2 Oct 2021		As at 3 April 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	£m	**£m**	£m	£m
Loans and receivables:				
Cash and cash equivalents	**8.4**	**8.4**	4.2	4.2
Financial assets at amortised cost:				
Trade and other receivables	**47.7**	**47.7**	49.4	49.4
Financial assets at fair value through profit or loss:				
Trade and other receivables	**1.6**	**1.6**	2.5	2.5
Derivative financial instruments				
– Commodity and energy derivatives	**1.1**	**1.1**	0.1	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**(0.3)**	**(0.3)**	(2.3)	(2.3)
Financial liabilities at amortised cost:				
Trade and other payables	**(235.0)**	**(235.0)**	(243.8)	(243.8)
Senior secured notes	**(330.0)**	**(333.0)**	(320.0)	(326.6)
Senior secured credit facility – revolving	**(14.0)**	**(14.0)**	-	-
Bank overdraft	**-**	**-**	(3.1)	(3.1)

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

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

	As at 2 Oct 2021		As at 3 April 2021	
	Level 1	**Level 2**	Level 1	Level 2
	£m	**£m**	£m	£m
Financial assets at fair value through profit or loss:				
Derivative financial instruments				
– Commodity and energy derivatives	**-**	**1.1**	-	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**(0.3)**	-	(2.3)
Financial liabilities at amortised cost:				
Senior secured notes	**(333.0)**	**-**	(326.6)	-

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. Methods and assumptions used to estimate the fair values are consistent with those used in the 53 weeks ended 3 April 2021.

11. Provisions for liabilities and charges

	As at 2 Oct 2021 £m	As at 3 April 2021 £m
Within one year	**(2.6)**	(6.2)
Between two and five years	**(3.3)**	(3.3)
After 5 years	**(5.4)**	(5.1)
Total	**(11.3)**	(14.6)

During the 26 period ended 2 October 2021 provisions for liabilities and charges reduced by £3.3m. The reduction of £3.3m is due primarily to release of a provision no longer required and utilisation of provision. Total provisions for liabilities and charges of £11.3m (3 April 2021: £14.6m) comprise primarily 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 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Profit before taxation	**30.7**	50.5
Net finance cost	**20.6**	14.7
Operating profit	**51.3**	65.2
Depreciation of property, plant and equipment	**9.3**	9.1
Amortisation of intangible assets	**14.3**	13.5
Loss on disposal of property, plant and equipment	**-**	0.3
Reversal of impairment losses on financial assets[1]	**-**	(15.7)
Fair value movements on financial instruments	**(3.0)**	0.3
Equity settled employee incentive schemes	**1.5**	1.0
Increase in stocks	**(21.9)**	(27.3)
Decrease in trade and other receivables	**8.0**	2.4
(Decrease)/Increase in trade and other payables and provisions	**(7.2)**	30.2
Dividend match pension contribution[2]	**(2.5)**	-
Movement in retirement benefit obligations	**(21.7)**	(26.4)
Cash generated from operations	**28.1**	52.6

[1]Relates to the reversal of the loss allowance against a Loan to Associates in the prior year.

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

Analysis of movement in borrowings

	As at 3 April 2021 £m	Cash flows £m	Non-cash interest expense £m	Other non-cash movements £m	As at 2 Oct 2021 £m
Bank overdrafts	(3.1)	3.1	-	-	**-**
Cash and bank deposits	4.2	4.2	-	-	**8.4**
Net cash and cash equivalents	1.1	7.3	-	-	**8.4**
Borrowings - revolving credit facilities	-	(14.0)	-	-	**(14.0)**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2023	(300.0)	300.0	-	-	**-**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2026	-	(330.0)	-	-	**(330.0)**
Borrowings - Senior Secured Floating Rate Notes maturing July 2022	(20.0)	20.0	-	-	**-**
Lease liabilities	(18.6)	1.3	(0.4)	0.4	**(17.3)**
Gross borrowings net of cash[1]	(337.5)	(15.4)	(0.4)	0.4	**(352.9)**
Debt issuance costs[2]	4.8	8.5	-	(5.4)	**7.9**
Total net borrowings[1]	(332.7)	(6.9)	(0.4)	(5.0)	**(345.0)**
Total net borrowings excluding lease liabilities[1]	(314.1)	(8.2)	-	(5.4)	**(327.7)**

[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

The following dividends were declared and paid by the Group for the year.

	26 weeks ended 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
1.0 pence per ordinary share	**8.5**	-

A final dividend of 1.0 pence per share for the 53 week period ended 3 April 2021 was approved by the shareholders at the Company's Annual General Meeting on 23 July 2021 and was subsequently paid on 30 July 2021.

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 2 October 2021 of £7.2m (2020/21: £9.3m).

15. Contingencies

There were no material contingent liabilities as at 2 October 2021 and 3 April 2021.

16. Related party transactions

The Group's related party transactions and relationships for the 53 weeks ended 3 April 2021 were disclosed on page 141 of the annual report and accounts for the financial period ended 3 April 2021.

As at 2 October 2021 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 19.14% (2020/21: 19.30%) equity shareholding in Premier Foods plc and its right to appoint a member to the Board of directors.

Oasis Management Company Ltd ('Oasis') and Paulson Investment Company LLC, ('Paulson') were considered to be a related party at 26 September 2020 by virtue of its 10.03% and 6.25% equity shareholding and 0.40% and 3.98% interest through a total return swap, respectively, in Premier Foods plc. As at 2 October 2021, the disclosed shareholding positions of both Oasis and Paulson were less than 10% of the Group's total issued share capital. Oasis retains 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 2 Oct 2021 £m	26 weeks ended 26 Sept 2020 £m
Sale of services:		
- Hovis	**-**	0.4
Total sales	**-**	0.4
Purchase of goods:		
- Nissin	**10.0**	8.4
Total purchases	**10.0**	8.4

Retirement benefit obligations

As stated in note 8, the Group has entered into an arrangement with the Pension Scheme Trustees as part of the funding requirements for any actuarial deficit in the Scheme. Full details of this arrangement are set out on pages 122-127 of the Premier Foods plc annual report and accounts for the 53 weeks ended 3 April 2021.

17. Subsequent events

There were no reportable events after the balance sheet date.