Premier Foods plc

16 May 2024

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

Preliminary results for the 52 weeks ended 30 March 2024

Full year ahead of expectations and return to volume growth in Q4

Headline results (£m)	FY23/24	FY22/23	change
Headline Revenue	1,122.6	975.6	15.1%
Trading profit[1]	179.5	157.5	14.0%
Adjusted profit before taxation[4]	157.9	137.2	15.1%
Adjusted earnings per share[7] (pence)	13.7	12.9	6.4%
Net debt[11]	235.6	274.3	£38.7m lower

Statutory measures (£m)	FY23/24	FY22/23	change
Revenue	1,137.5	1,006.4	13.0%
Profit before taxation	151.4	112.4	34.7%
Profit after taxation	112.5	91.6	22.8%
Basic earnings per share (pence)	13.0	10.6	22.6%
Dividend per share (pence)	1.728	1.44	20.0%

Alternative performance measures above are defined on pages 13-14 and reconciled to statutory measures throughout.
Headline Revenue presented for FY23/24 excludes 'Knighton Foods', Statutory Revenue includes Knighton Foods

Financial headlines

- Headline revenue up 15.1%; Branded revenue up 13.5%, including strong branded volume growth in Quarter 4
- Total Headline Grocery revenue up 16.7%, Sweet Treats revenue up 10.6%
- Full Year market share[13] increased +29bps; both Grocery and Sweet Treats grew share in H2
- Trading profit ahead of expectations and up 14.0% versus prior year
- Adjusted profit before tax up 15.1% at £157.9m; adjusted earnings per share up 6.4% reflecting tax rate increase
- Profit before tax up 34.7% to £151.4m
- Profit after tax up 22.8%; basic earnings per share up 22.6% to 13.0 pence
- Net debt/EBITDA reduced to 1.2x; lowest ever leverage
- Pension deficit contributions suspended from 1 April 2024[17]
- On track for FY24/25 expectations

Strategic headlines

- UK branded revenue up 13.6%
- Increased marketing investment across all major brands
- Infrastructure investment increased to £32.8m year on year, in line with guidance
- New categories revenue up 72% led by porridge pots and driving Ambrosia to a £100m brand
- International revenue up 12%[8]; continuing to build distribution in target markets
- *The Spice Tailor* now listed in 10 countries and returns well ahead of original plan
- *FUEL10K* acquisition in H2, integration completed, gaining market share and initial returns ahead of plan

Alex Whitehouse, Chief Executive Officer

"This has been another really strong year for the business with considerable progress across all our key financial metrics and five pillar growth strategy. In the UK, branded revenue increased by 13.6%, accompanied by 29 basis points of market share gain, as we continued to outperform the market. Our brands continue to demonstrate their relevance to consumers, helping them cook and prepare nutritious and affordable meals during what has been a challenging time for many people. All our leading brands benefitted from increased marketing investment, as we extended our 'Best Restaurant in Town' campaign into its second year. Ambrosia has now become our fourth £100m brand, in part driven by the premium Ambrosia Deluxe range and the extension into breakfast through porridge pots. Additionally, we continue to work very closely alongside our partner, Nissin, and yet again, Nissin was one of our fastest growing brands having grown by 54% on average over the last five years."

"We continue to invest in our manufacturing sites, with capex stepping up as planned to £33m, as we invest in driving efficiencies and facilitating growth through product innovation. Our expansion into new categories is proving to be

particularly successful with revenue growing by over 70%, led by Ambrosia porridge, and we extended distribution of Angel Delight ice-cream, Cape Herb & Spice and Oxo Marinades. International sales grew by 12%[8] with The Spice Tailor delivering returns ahead of plan and distribution now available in 10 countries. We were also delighted to acquire FUEL10K which is now fully integrated into the core business, is performing very well and for which we have exciting future plans."

"We continue to maintain our strong financial discipline; leverage reduced to 1.2x Net debt/EBITDA this year, our lowest ever level, and we are proposing another 20% increase in the dividend. We recently announced the suspension of pension deficit contributions, significantly increasing our free cash flow, which enhances our ability to invest in infrastructure and pursue M&A opportunities to deliver future growth. We have a strong set of plans for this year, across each of our strategic pillars and with our return to volume growth, we are on track to deliver on full year expectations."

Dividend

Subject to shareholder approval, the directors have proposed a final dividend of 1.728 pence in respect of the 52 weeks ended 30 March 2024 (FY22/23: 1.44p), payable on 26 July 2024 to shareholders on the register at the close of business on 28 June 2024. This represents a 20% increase in the dividend paid per share compared to FY22/23, is ahead of adjusted earnings per share growth, reflecting the confidence we have in the future and is consistent with the Board's progressive dividend approach. The ex-dividend date is 27 June 2024.

Outlook

The Group expects a return to volume driven revenue growth this year, as demonstrated in quarter four, partially offset by a lower price per unit. Further progress in FY24/25 is expected to be delivered across all the Group's strategic pillars, through the application of the Group's proven branded growth model, with expectations for the full year on track. Following the successful de-risking of pension obligations and the suspension of deficit contribution payments, the Group has a number of opportunities to invest in the business at attractive returns to increase efficiency and innovation, while continuing to explore M&A opportunities and apply its progressive approach to dividends.

Enhanced capital allocation opportunities

The Group is highly cash generative, benefits from strong EBITDA margins in line with global branded food sector peers, and has substantially reduced its interest costs in recent years.

In March 2024, the Group announced the suspension of pension deficit contribution payments, which historically has consumed a significant proportion of cash. This position frees up £33m free cash flow in FY24/25, presenting enhanced options to help the Group deliver on its growth ambitions. These are summarised as follows:

1. Capital investment: To increase efficiency and automation at our manufacturing sites and facilitate growth through product innovation.
2. M&A: Continue to pursue branded assets which would benefit from the application of the Group's branded growth model. We will maintain our financial discipline on M&A, applying a similar approach as to the recent acquisitions of *The Spice Tailor* and *FUEL10K,* with a focus on Return on Invested Capital.
3. Dividends: Expect to pay a progressive dividend, growing ahead of earnings.

The Group's Net debt/EBITDA leverage target of 1.5x remains unchanged.

Strategy overview

The Group's five pillar strategy drives growth and creates value, as outlined below.

1. **Continue to grow the UK core business**
   We have a well established and growing UK business which provides the basis for further expansion. The Group's branded growth model is at the heart of what we do and is core to our success. Leveraging our leading category positions, we launch new products to market driven by consumer trends, support our brands with sustained levels of marketing investment and foster strong customer and retailer partnerships.
   Proof point: UK branded revenue growth of 13.6%.

2. **Supply chain investment**
   We invest in operational infrastructure to increase efficiency and productivity across our manufacturing and logistics operations, providing a virtuous cycle for brand investment. Capital investment in our sites also facilitates growth through our innovation strategy and enhances the safety and working conditions of our colleagues. We are also now investing in low energy manufacturing solutions to reduce energy costs and drive scope 1 and 2 emission reductions, aligned to our Enriching Life Plan.
   Proof point: Capital investment increased to £32.8m.

3. Expand UK business into new categories

We leverage the strength of our brands, using our proven branded growth model to launch products in adjacent, new food categories.

Proof point: Revenue growth of products in new categories increased by 72% compared to the prior year.

4. Build international businesses with critical mass

We are building sustainable business units with critical mass overseas, applying our brand building capabilities to deliver growth in our target markets of Republic of Ireland, Australia & New Zealand, North America and EMEA. Our primary brands to drive this expansion are *Mr Kipling*, *Sharwood's* and *The Spice Tailor*.

Proof point: Revenue growth of 12%[8] with The Spice Tailor now available in 10 countries.

5. Inorganic opportunities

We are looking to acquire brands where we believe we can drive significant value through the application of our branded growth model.

Proof point: The Spice Tailor performed ahead of original returns expectations this year and we also acquired FUEL10K, the vibrant Breakfast brand.

Environmental, Social and Governance (ESG)

The Group's 'Enriching Life Plan', encompasses the three strategic pillars of Product, Planet and People, with encouraging progress delivered against each of these pillars[18]. In Product, revenue from products with a high nutritional standard[19] such as *Loyd Grossman* Tomato & Basil cooking sauces and *Bisto* 25% reduced salt Beef Gravy increased by 19% in the year. Additionally, 44% of the Group's products are now classified as having a regulated health or nutrition claim and are of a high nutritional standard[19]. Progress in Planet includes a 13.6% reduction in Scope 1 and 2 carbon emissions, with the first solar panels to be installed at a Group manufacturing site completed at Stoke. In People, the Group continued its partnership with FareShare, donating nearly 950,000 meals during the year, a 31% increase on last year; furthermore, embracing diversity is an important part of the Premier Foods culture and 46% of management colleagues are female.

Further information

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

A conference call for bond investors and analysts will take place today, 16 May 2024, at 2:00pm BST. Dial in details are outlined below:

Telephone:	0800 358 1035 (UK toll free)
	+44 20 3936 2999 (standard international access)
Access code:	061561

A factsheet providing an overview of the Preliminary results is available at:
www.premierfoods.co.uk/investors/results-centre

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

As one of 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 14 sites across the country, supplying a range of retail, wholesale, foodservice and other customers with our iconic brands which feature in millions of homes every day.

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

Contacts:

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

Media enquiries:
Sarah Grimshaw, External Communications Manager

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

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

Financial results

Overview

£m	FY23/24	FY22/23	% change
Branded revenue	958.1	844.2	13.5%
Non-branded revenue	164.5	131.4	25.2%
Headline revenue	**1,122.6**	**975.6**	**15.1%**
Divisional contribution[2]	253.5	216.2	17.3%
Trading profit[1]	**179.5**	**157.5**	**14.0%**
Trading profit margin	*16.0%*	*16.1%*	*(0.1ppt)*
Adjusted EBITDA[3]	203.9	182.3	11.8%
Adjusted profit before tax[4]	157.9	137.2	15.1%
Adjusted earnings per share[7] (pence)	13.7	12.9	6.4%
Basic earnings per share (pence)	13.0	10.6	22.6%

Headline revenue excludes Knighton Foods, reconciliations are provided in the appendices.

Headline Revenue increased by 15.1% to £1,122.6m in FY23/24. Divisional contribution grew by 17.3% to £253.5m and Trading profit increased by 14.0% to £179.5m. Group and corporate costs were higher in the period due to investment to improve planning systems and support strategic priorities, wage and salary inflation and wider management incentive scheme costs. In addition, the prior year included non-repeating income of £3.8m which related to a temporary interruption at a manufacturing site.

Trading profit margins of 16.0% were broadly in line with the prior year. Adjusted profit before tax increased by 15.1%, while adjusted earnings per share grew by 6.4%, reflecting an increase in the UK corporation tax rate from 19% to 25%. Basic earnings per share for FY23/24 increased by 22.6% to 13.0p.

Statutory overview

£m	FY23/24	FY22/23	% change
Grocery			
Branded revenue	740.4	635.3	16.5%
Non-branded revenue	110.0	111.5	(1.4%)
Total revenue	**850.4**	**746.8**	**13.9%**
Sweet Treats			
Branded revenue	217.7	208.9	4.2%
Non-branded revenue	69.4	50.7	36.9%
Total revenue	**287.1**	**259.6**	**10.6%**
Group			
Branded revenue	958.1	844.2	13.5%
Non-branded revenue	179.4	162.2	10.6%
Statutory revenue	**1,137.5**	**1,006.4**	**13.0%**
Profit before tax	151.4	112.4	34.7%
Basic earnings per share (pence)	13.0	10.6	22.6%

The table above is presented including revenue from Knighton Foods.

Group revenue on a statutory basis increased by 13.0% in FY23/24, with branded revenue growing by 13.5% and non-branded revenue up 10.6%. Grocery revenue was £850.4m, 13.9% higher than the prior year. Non-branded Grocery revenue declined by (1.4%) to £110.0m as price increases on existing contracts were offset by managed contract exits associated with the closure of Knighton Foods and Charnwood. Commentary on Sweet Treats is provided below.

Trading performance

Grocery

£m	FY23/24	FY22/23	% change
Branded revenue	740.4	635.3	16.5%
Non-branded revenue	95.1	80.7	17.8%
Total headline revenue	**835.5**	**716.0**	**16.7%**
Divisional contribution[2]	219.8	189.2	16.2%
Divisional contribution margin	*26.3%*	*26.4%*	*(0.1ppt)*

On a headline basis Grocery revenue increased by 16.7% in the year to £835.5m, with Branded revenue up 16.5% to £740.4m. Non-branded revenue increased by 17.8% to £95.1m largely due to pricing to recover input cost inflation in retailer branded product ranges. The Group gained market share[13] in its Grocery categories across the year, as its leading brands continue to demonstrate their strength and resilience in what has been a challenging consumer environment. Divisional contribution increased by 16.2% to £219.8m, with margins broadly flat to last year.

In the fourth quarter, Grocery headline revenue increased by 10.3%, with branded growth of 12.4% partly offset by non-branded revenue which was 5.4% lower.

Grocery volumes returned to growth in the fourth quarter, as elasticity effects of price increases dissipated. In the second half of the year, the Group also implemented sharper promotional pricing across a number of its products, such as *Loyd Grossman* cooking sauces and *Batchelors* Super Noodles, which served to strengthen these volume trends.

As the Group has consistently highlighted, its branded growth model generates value by leveraging the strength of its market leading brands, launching insightful new products, supporting its brands with emotionally engaging advertising and building strategic retail partnerships. Effective application of this strategy has resulted in consistent UK branded revenue growth of 5.1% over the last three years.

Growth in the Grocery portfolio was broad based across all brands in the year. The Grocery business's major brands, *Ambrosia, Batchelors, Bisto, Sharwood's, Oxo* and *Loyd Grossman* all benefitted from consumer marketing investment in FY23/24, including through the 'Best Restaurant in Town' campaign, which highlighted great value meal ideas across the Grocery portfolio.

Oxo was a particularly strong performer in the period, benefitting not only from increased brand advertising but also further expansion of new *Oxo* Stock pots. *Nissin* noodles ranges again enjoyed another great year, delivering revenue growth of over 30%, recording retail sales of nearly £50m[13] and also benefitting from the launch of the Big *Soba* pots range. *Ambrosia* became a £100m revenue brand for the first time in FY23/24, gaining over 100 basis points of market share, with growth due to both its core range and the launch of *Ambrosia* Deluxe creamed rice in can and pot formats.

Another element of the branded growth model is to build and maintain strong, collaborative partnerships with customers. For example, *Batchelors* extended its successful partnership with DC Warner Brothers in the year, this time through its tie-up with Batman and Aquaman, producing some highly impactful instore execution displays. The Group also extended its partnership with its charity partner, Fareshare, with the 'Win a Dinner, Give a Dinner' campaign, to help fight hunger and address food waste. During the year, the Group's Grocery categories increased total distribution by 1.8%, with Quick Meals, Snack & Soups and Desserts being strong contributors to this growth.

The Group continues to make strong progress expanding into adjacent categories, leveraging the equity of its leading brands, with revenue increasing 72% compared to last year. *Ambrosia* porridge pots again led the way; sales more than doubled year on year and market share increased to 10.2%[14] in a category growing at 19%. During the year, the range was extended with the launch of an Apple & Blueberry variant; it also featured in the main *Ambrosia* 'Moley' television advert and benefitted from outdoor media activity.

Ice-cream also performed well, with revenue growth of over 50%, as it increased distribution in major multiple retailers through ranges under the *Angel Delight* and *Mr Kipling* brands. This will be extended in FY24/25 with the launch of handheld *Angel Delight* ice-cream in Butterscotch and Banana flavours.

The Spice Tailor continues to benefit from the Group's commercial capabilities, its category expertise and has a strong set of product innovation plans in the next 12 months, such as Stir fry sauces and East Asian meal kits. Instore execution was enhanced in the year with end of aisle displays delivering greater visibility, while the brand also benefitted from digital advertising in both the UK and Australia. Additionally, the brand's returns performance is now running ahead of the Group's original expectations.

The Group acquired *FUEL10K*, the vibrant, protein enriched breakfast brand in October 2023 for an initial consideration of £29.6m. This acquisition expands the Group's nascent presence in the breakfast category, providing the ideal platform to build on the initial success of *Ambrosia* porridge pots. *FUEL10K* has continued to perform well in its first five months with the Group, growing sales and market share and developing further exciting product innovation which will be instore from FY24/25 onwards.

In the fourth quarter of the year, and following a review of operations, the Group announced to colleagues the proposed closure of its Charnwood frozen pizza base business. This closure has since been confirmed, will affect c.60 colleagues and is expected to complete in the first half of FY24/25. Charnwood is an entirely non-branded business and this move reflects the Group's strategic priorities as a brand-focused business.

Sweet Treats

£m	FY23/24	FY22/23	% change
Branded revenue	217.7	208.9	4.2%
Non-branded revenue	69.4	50.7	36.9%
Total headline revenue	**287.1**	**259.6**	**10.6%**
Divisional contribution[2]	33.7	27.0	24.8%
Divisional contribution margin	*11.7%*	*10.4%*	*1.3ppts*

Total revenue increased by 10.6% in Sweet Treats, with Branded revenue up 4.2% and non-branded revenue ahead 36.9%. The growth in non-branded was consistently strong throughout the year and was due to a combination of contract wins in pies and tarts and price increases on existing ranges. Divisional contribution increased to £33.7m in Sweet Treats, and margins improved to 11.7%, a 130 basis point improvement on the prior year, reflecting volume recovery assisted by sharper promotional pricing.

In the fourth quarter of the year, Sweet Treats revenue increased by 6.3%, with branded revenue up 5.0% and non-branded revenue ahead 16.7%.

FY23/24 revenue growth for *Mr Kipling* reflected activity commemorating the King's Coronation, impactful instore brand activation to assist shoppers navigate the cake category with greater ease and a strong promotional campaign in partnership with the Minions franchise. Brand investment in *Mr Kipling* television advertising featured the new 'Piano' advert, demonstrating the Group's media approach of building emotional connections with consumers. New products launched in the year included *Mr Kipling* 'Best Ever' Signature mince pies, which received strong consumer reviews while the Signature Brownie Bites range also performed well. As a result of lower levels of input cost inflation in the second half of the year, the Group increased its investment in promotional pricing, which assisted volume recovery.

Cadbury cake revenue grew strongly in the second half, partly due to lapping a softer comparative period and also due to impactful instore brand activation and the relaunch of Crème Egg cake bars.

International

Revenue overseas increased by 12%[8] compared to last year. In-market cake sales in Australia continue to grow, however, as previously disclosed, revenue was impacted by reduced shipping times which in turn led to lower stock holdings in the supply chain.

Ireland delivered a consistently strong year, with broad based growth across many brands; *Ambrosia*, *Bisto* and *Oxo* were particularly strong performers due to continued successful application of the branded growth model and pricing benefits. In Europe, sales of *Sharwood's* increased reflecting significant new listings in major retailers in Germany and Netherlands.

Building sustainable businesses in the Group's target markets continues to progress well. The *Mr Kipling* and *Cadbury cake* brands reached a combined record market share in Australia during the year of 16.1%[14] and delivered further retail sales growth. Execution of the Company's branded growth model included *Mr Kipling* benefitting from TV advertising in the form of the engaging 'Little Thief' advert and also the sponsorship of the Great Australian Bake Off, while new products launched in the period included Caramel Bakewell Tarts and Salted Caramel Slices.

In the USA, the distribution of *Mr Kipling* to a range of retailers is building well, with more than 3,000 stores now stocking the Group's largest brand across North America, up from c.200 at the start of the year.

Distribution of *The Spice Tailor* is accelerating strongly; listings have now been agreed with major retailers in ten countries globally, including for 1,000 stores in the USA and three countries in continental Europe.

Operating profit

Operating profit increased by £45.5m to £177.7m in the year. Trading profit increased by 14.0% to £179.5m, as described above and brand amortisation of £20.9m was £0.2m higher than the prior year. Net interest on pensions and administrative expenses was a credit of £31.6m (FY22/23: £17.7m credit), due to an interest credit on the opening combined surplus of the pension scheme of £37.2m, partly offset by £5.6m of administrative expenses. Non-trading items[9] of £11.4m were £9.1m lower than the prior year principally due to Knighton closure costs in FY22/23. Impairment of fixed assets and restructuring costs were £4.2m (FY22/23: £3.6m) and £5.3m (FY22/23: £11.1m) respectively and both relate to closures of the Knighton and Charnwood manufacturing sites. Other non-trading items of £1.9m relate primarily to M&A transaction costs.

Finance costs

Net finance cost was £26.3m in FY23/24, compared to £19.8m in the prior year. Net regular interest[5] increased by £1.3m to £21.6m, predominantly due to a higher SONIA rate applicable to the Group's revolving credit and debtors securitisation facilities. Interest on the Group's Senior secured notes of £11.5m were, as expected, in line with the prior year. Other interest payable was £5.2m (FY22/23: £0.6m) the majority of which related to the unwind of both long-term provisions and contingent consideration related to acquisitions. Interest income increased by £2.8m to £3.6m in the year due to higher interest rates on cash reserves.

Taxation

The tax charge for the year was £38.9m (FY22/23: £20.8m) and was largely due to a £37.9m (FY22/23: £21.4m) charge at the domestic income tax rate of 25% (FY22/23: 19%). The increase compared to the prior year is due to an increase in the UK corporation tax rate from 19% to 25% and higher profit before tax. The Group is able to offset a proportion of cash tax payable through available brought forward losses and capital allowances. Following the suspension of pension deficit contributions, which are allowable for tax, ongoing annual cash tax payable is expected to be in the single digit £'millions in the medium term.

Earnings per share

£m	FY23/24	FY22/23	% change
Operating profit	177.7	132.2	34.4%
Net finance cost	(26.3)	(19.8)	(32.8%)
Profit before taxation	**151.4**	**112.4**	**34.7%**
Taxation	(38.9)	(20.8)	87.0%
Profit after taxation	112.5	91.6	22.8%
Average shares in issue (million)	862.4	861.2	0.1%
Basic Earnings per share (pence)	**13.0**	**10.6**	**22.6%**

The Group reported profit before tax of £151.4m in FY23/24, a 34.7% increase on the prior year. Profit after tax was £112.5m, an increase of £20.9m and basic earnings per share was 13.0 pence, an increase of 22.6%.

Cash flow

Net debt as at 30 March 2024 was £235.6m, a reduction of £38.7m compared to the prior year. Net debt / EBITDA reduced from 1.5x to 1.2x during the year, as Adjusted EBITDA[3] increased by 11.8% to £203.9m.

Trading profit was £179.5m, as described above. Depreciation plus software amortisation was £24.4m in the year, resulting in Adjusted EBITDA[3] of £203.9m, 11.8% higher than FY23/24. A £9.0m outflow of working capital, an improved trend on the prior year, was due to higher stock reflecting inflation of both raw materials and finished goods. Pension deficit contribution payments were £33.1m and Pension Trustee and administration costs were £5.6m, totalling a £38.7m cash outflow to the schemes. Non-trading items were £14.4m and related to payments associated with closure of the Knighton manufacturing site and a lease exit of a non-operational site.

On a statutory basis, cash generated from operating activities was £121.7m (FY22/23: £87.2m) after deducting net interest paid of £20.3m (FY22/23: £19.6m). The Group paid Tax of £4.4m in the period (FY22/23: £1.5m).

Cash used in investing activities was £62.1m (FY22/23: £63.8m), of which the acquisition of *FUEL10K* represented £29.3m and capital investment was £32.8m. The Group has a number of opportunities to invest in the business at attractive returns to increase efficiency and innovation. During the year it replaced air compressors across a number of sites which have improved efficiency and also installed solar panels at the Group's Stoke manufacturing site. In FY24/25, the Group expects to increase its capital investment which will include the development of a new, innovative energy efficient process to manufacture iced-topped cake products and a project to deliver additional capacity for Ambrosia porridge pot production reflecting success since launch.

Cash used in financing activities was £20.7m in the year (FY22/23: £14.3m) which included a £12.4m dividend payment to shareholders (FY22/23: £10.3m) and £6.3m purchase of shares to satisfy share awards (FY22/23: £2.5m). A dividend match payment to the Group's pension schemes of £3.8m was also made in the period. As at 30 March 2024, the Group held cash and bank deposits of £102.3m and its £175m revolving credit facility was undrawn.

Pensions

The Pension scheme has continued to make strong progress, benefiting from a successful investment strategy for both the RHM and Premier Foods sections since the segregated merger of the scheme in June 2020. On 6 March 2024, the Group announced another major strategic step with the suspension of deficit contribution payments to the pension scheme Trustee with effect from 1 April 2024.

Consequently, the Group will benefit from £33m increased free cash flow for the financial year ending 29 March 2025, and subject to the results of the next triennial valuation, at 31 March 2025, the Group anticipates no further contributions to be payable after this date. Administrative expenses, which are expected to be £5-6m in FY24/25, and the dividend match mechanism remain in place. A full resolution of the pension scheme, where the scheme has fully de-risked, is forecast to take place by the end of 2026.

IAS 19 Accounting Valuation (£m)	**30 March 2024**			**1 April 2023**		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	3,032.0	533.0	3,565.0	3,240.2	552.6	3,792.8
Liabilities	(2,232.8)	(730.7)	(2,963.5)	(2,291.9)	(735.4)	(3,027.3)
Surplus/(Deficit)	**799.2**	**(197.7)**	**601.5**	**948.3**	**(182.8)**	**765.5**
Net of deferred tax (25%)	599.4	(148.3)	451.1	711.2	(137.1)	574.1

The Group's pension scheme reported a combined surplus of £601.5m as at 30 March 2024, a reduction of £164.0m compared to the prior year. This is equivalent to a surplus of £451.1m net of a deferred tax charge of 25.0%. Asset values fell in both sections of the schemes and reduced by £227.8m overall. Of note, the illiquid Credit and Global Credit asset classes were lower in the year. The value of liabilities fell by £63.8m, or 2.1% to £2,963.5m. The applicable discount rate used to value liabilities was unchanged at 4.80% and the RPI inflation rate assumption used was 3.15% (FY22/23: 3.30%). The reduction in assets is greater than the reduction in liabilities due to the scheme being over hedged on an accounting basis and hence as underlying gilt yields increase the assets reduce more than liabilities.

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.

Principal risks and uncertainties

Strong risk management is key to delivery of the Group's strategic objectives. It has an established risk management process, with 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 will be disclosed in the annual report and accounts for the financial period ended 30 March 2024. The major strategic and operational risks are summarised under the headings of Macroeconomic and geopolitical instability, Impact of Government legislation, Market and retailer actions, Operational integrity, Legal compliance, Climate risk, Technology, Product portfolio, HR and employee risk, Strategy delivery.

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Appendices

The Company's Preliminary results are presented for the 52 weeks ended 30 March 2024 and the comparative period, 52 weeks ended 1 April 2023. All references to the 'period', unless otherwise stated, are for the 52 weeks ended 30 March 2024 and the comparative period, 52 weeks ended 1 April 2023.

All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 30 March 2024 and the comparative period, 13 weeks ended 1 April 2023.

Full year and Quarter 4 Revenue

Full year revenue (£m)	FY23/24			
	Statutory revenue	Knighton Foods	Headline revenue	*Headline revenue % change vs prior year*
Grocery				
Branded	740.4		740.4	*16.5%*
Non-branded	110.0	(14.9)	95.1	*17.8%*
Total	**850.4**	**(14.9)**	**835.5**	*16.7%*
Sweet Treats				
Branded	217.7		217.7	*4.2%*
Non-branded	69.4		69.4	*36.9%*
Total	**287.1**		**287.1**	*10.6%*
Group				
Branded	958.1		958.1	*13.5%*
Non-branded	179.4	(14.9)	164.5	*25.2%*
Total	**1,137.5**	**(14.9)**	**1,122.6**	*15.1%*

Quarter 4 Revenue (£m)	FY23/24			
	Statutory revenue	Knighton Foods	Headline revenue	*Headline revenue % change vs prior year*
Grocery				
Branded	198.4		198.4	*12.4%*
Non-branded	23.4	(1.6)	21.8	*(5.4%)*
Total	**221.8**	**(1.6)**	**220.2**	*10.3%*
Sweet Treats				
Branded	57.1		57.1	*5.0%*
Non-branded	8.2		8.2	*16.7%*
Total	**65.3**		**65.3**	*6.3%*
Group				
Branded	255.5		255.5	*10.6%*
Non-branded	31.6	(1.6)	30.0	*(0.1%)*
Total	**287.1**	**(1.6)**	**285.5**	*9.4%*

EBITDA to Operating profit reconciliation (£m)	FY23/24	FY22/23
Adjusted EBITDA[3]	**203.9**	**182.3**
Depreciation	(19.5)	(19.9)
Software amortisation[10]	(4.9)	(4.9)
Trading profit	**179.5**	**157.5**
Amortisation of brand assets	(20.9)	(20.7)
Fair value movements on foreign exchange & derivative contracts	(1.1)	(1.8)
Net interest on pensions and administrative expenses	31.6	17.7
Non-trading items:		
Impairment of fixed assets	(4.2)	(3.6)
Restructuring costs	(5.3)	(11.1)
Other non-trading items	(1.9)	(5.8)
Operating profit	**177.7**	**132.2**

Finance costs (£m)	**FY23/24**	**FY22/23**	**Change**
Senior secured notes interest	11.5	11.5	-
Bank debt interest – net	8.3	6.9	(1.4)
	19.8	18.4	(1.4)
Amortisation of debt issuance costs	1.8	1.9	0.1
Net regular interest[5]	**21.6**	**20.3**	**(1.3)**
Re-measurement due to discount rate change & contingent consideration	3.9	(1.1)	(5.0)
Other finance cost	0.8	0.6	(0.2)
Net finance cost	**26.3**	**19.8**	**(6.5)**

Adjusted earnings per share (£m)	**FY23/24**	**FY22/23**	**Change**
Trading profit	179.5	157.5	14.0%
Less: Net regular interest[5]	(21.6)	(20.3)	(6.3%)
Adjusted profit before tax	**157.9**	**137.2**	**15.1%**
Less: Notional tax (25%/19%)	(39.5)	(26.1)	(51.4%)
Adjusted profit after tax[6]	118.4	111.1	6.6%
Average shares in issue (millions)	862.4	861.2	0.1%
Adjusted earnings per share (pence)	**13.7**	**12.9**	**6.4%**

Net debt (£m)	
Net debt[11] at 1 April 2023	**274.3**
Movement in cash	(38.9)
Movement in debt issuance costs	1.3
Movement in lease creditor	(1.1)
Net debt at 30 March 2024	**235.6**
Adjusted EBITDA	203.9
Net debt / Adjusted EBITDA	**1.2x**

Free cash flow (£m)	**FY23/24**	**FY22/23**
Trading profit	179.5	157.5
Depreciation & software amortisation	24.4	24.8
Other non-cash items	6.6	4.7
Capital expenditure	(32.8)	(20.0)
Working capital	(9.0)	(24.8)
Operating cash flow[16]	**168.7**	**142.2**
Interest	(20.3)	(19.6)
Pension contributions	(38.7)	(45.1)
Free cash flow[12]	**109.7**	**77.5**
Non-trading items	(14.4)	(8.3)
Net purchase of shares	(6.0)	(1.1)
Financing fees	(0.5)	(0.7)
Taxation	(4.4)	(1.5)
Dividend (including pensions match)	(16.2)	(13.0)
Acquisition	(29.3)	(43.8)
Movement in cash	**38.9**	**9.1**
Proceeds from borrowings	-	-
Net increase in cash and cash equivalents	**38.9**	**9.1**

The following table outlines the basis on which the Group will report Headline revenue, Trading profit and adjusted earnings per share for FY24/25. This includes acquisitions but excludes Revenue and Trading profit from the Charnwood site which will be closed in FY24/25. In FY23/24, all Charnwood revenue was reported in Grocery – Non-branded.

Group results ex Charnwood (£m)			FY23/24		
Revenue	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Full Year
Statutory revenue	235.9	258.2	356.3	287.1	1,137.5
Less: Knighton	(4.8)	(4.9)	(3.6)	(1.6)	(14.9)
Headline revenue (FY23/24 basis)	231.1	253.3	352.7	285.5	1,122.6
Less: Charnwood	(3.9)	(3.8)	(3.1)	(3.1)	(13.9)
Headline revenue (FY24/25 basis)	227.2	249.5	349.6	282.4	1,108.7
Trading profit (£m) to adjusted eps (p)	Half 1	Half 2	Full Year		
Trading profit as reported	67.5	112.0	179.5		
Less: Charnwood	(0.9)	(1.4)	(2.3)		
Headline Trading profit (FY24/25 basis)	66.6	110.6	177.2		
Net regular interest	(10.6)	(11.0)	(21.6)		
Adjusted profit before tax	56.0	99.6	155.6		
Adjusted profit after tax at 25%	42.0	74.7	116.7		
Adjusted earnings per share (pence)	4.9p	8.6p	13.5p		

Notes and definitions of alternative performance measures

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

1. The Group uses Trading profit to review overall Group profitability. Trading profit is defined as profit/(loss) before tax, before net finance costs, amortisation of 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.
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business segment.
3. Adjusted EBITDA is Trading profit as defined in (1) above excluding depreciation and software amortisation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other finance cost 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 25.0%.
7. References to Adjusted earnings per share are on a non-diluted basis and is calculated using Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 862.4 million (52 weeks ended 1 April 2023: 861.2 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. The constant currency adjustment is calculated by applying a blended rate.

£m	Reported	Adjustment	Constant currency
FY23/24	70.4	0.4	70.8
FY22/23	63.3	N/A	63.3
Growth %	11.2%	N/A	11.8%

9. Non-trading items have been presented separately throughout the financial statements. These are items that management believes require separate disclosure by virtue of their nature in order that the users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance. In identifying non-

trading items, management have applied judgement including whether i) the item is related to underlying trading of the Group; and/or ii) how often the item is expected to occur.

10. Software amortisation is the annual charge related to the amortisation of the Group's software assets during the period.
11. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
12. Free cash flow is Net increase or decrease in cash and cash equivalents excluding proceeds and repayment of borrowings, less dividend payments, disposal proceeds, re-financing fees, net proceeds from share issues, tax, acquisitions and non-trading items.
13. Circana, 52 weeks ended 30 March 2024.
14. Circana, 4 week rolling, 9 March 2024.
15. Acquisition accounting pertaining to *FUEL10K* acquisition can be found in Note 28.
16. Operating cash flow excludes interest and pension contributions.
17. Pension deficit contributions are suspended from 1 April 2024; subject to the results of the next triennial valuation, the Group anticipates no further contributions to be payable after this date.
18. Further details of progress on the Group's Enriching Life Plan will be provided in the forthcoming publication of the 2024 Annual Report.
19. Defined as scoring less than 4 on UK Government's Nutrient Profiling Model

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

Consolidated statement of profit or loss

	Note	52 weeks ended 30 March2024 £m	52 weeks ended 1 April 2023 £m
Revenue	3	**1,137.5**	1,006.4
Cost of sales		**(705.2)**	(648.2)
Gross profit		**432.3**	358.2
Selling, marketing and distribution costs		**(178.8)**	(142.0)
Administrative costs		**(75.8)**	(87.8)
Other income		**-**	3.8
Operating profit	3	**177.7**	132.2
Finance cost	4	**(30.4)**	(21.7)
Finance income	4	**4.1**	1.9
Profit before taxation		**151.4**	112.4
Taxation	5	**(38.9)**	(20.8)
Profit for the period attributable to owners of the parent		**112.5**	91.6
Earnings per share (pence)			
Basic	6	**13.0**	10.6
Diluted	6	**12.7**	10.4

Consolidated statement of comprehensive income

	Note	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Profit for the period		**112.5**	91.6
Other comprehensive (expense)/income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	7	**(237.7)**	(245.6)
Deferred tax credit	5	**50.6**	52.7
Current tax credit	5	**8.4**	7.2
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation		**(0.5)**	0.6
Other comprehensive expense, net of tax		**(179.2)**	(185.1)
Total comprehensive expense attributable to owners of the parent		**(66.7)**	(93.5)

Consolidated balance sheet

	Note	As at 30 March 2024 £m	As at 1 April 2023 £m
ASSETS:			
Non-current assets			
Property, plant and equipment		**190.4**	185.9
Goodwill		**702.7**	680.3
Other intangible assets		**289.6**	294.4
Deferred tax assets	5	**22.4**	22.4
Net retirement benefit assets	7	**810.0**	960.1
		2,015.1	2,143.1
Current assets			
Inventories		**98.9**	93.7
Trade and other receivables		**115.7**	103.9
Cash and cash equivalents	8	**102.3**	64.4
Derivative financial instruments	9	**-**	0.8
		316.9	262.8
Total assets		**2,332.0**	2,405.9
LIABILITIES:			
Current liabilities			
Trade and other payables		**(264.6)**	(255.4)
Financial liabilities			
– short-term borrowings	10	**-**	(1.0)
– derivative financial instruments	9	**(0.8)**	(0.5)
Lease liabilities		**(2.7)**	(2.1)
Provisions for liabilities and charges		**(9.8)**	(13.3)
Current income tax liabilities	5	**(0.4)**	-
		(278.3)	(272.3)
Non-current liabilities			
Long-term borrowings	10	**(325.7)**	(324.4)
Lease liabilities		**(9.5)**	(11.2)
Net retirement benefit obligations	7	**(208.5)**	(194.6)
Provisions for liabilities and charges		**(7.3)**	(6.6)
Deferred tax liabilities	5	**(152.9)**	(177.9)
Other liabilities		**(22.9)**	(12.9)
		(726.8)	(727.6)
Total liabilities		**(1,005.1)**	(999.9)
Net assets		**1,326.9**	1,406.0
EQUITY:			
Capital and reserves			
Share capital		**86.9**	86.8
Share premium		**2.7**	2.5
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Retained earnings		**894.9**	974.3
Total equity		**1,326.9**	1,406.0

Consolidated statement of cash flows

	Note	**52 weeks ended 30 March 2024 £m**	52 weeks ended 1 April 2023 £m
Cash generated from operations	8	**146.4**	108.3
Interest paid		**(23.9)**	(20.4)
Interest received		**3.6**	0.8
Taxation paid		**(4.4)**	(1.5)
Cash generated from operating activities		**121.7**	87.2
Acquisition of subsidiaries, net of cash acquired	15	**(29.3)**	(43.8)
Purchases of property, plant and equipment		**(24.7)**	(15.5)
Purchases of intangible assets		**(8.1)**	(4.5)
Cash used in investing activities		**(62.1)**	(63.8)
Principal element of lease payments		**(1.8)**	(2.3)
Financing fees		**(0.5)**	(0.7)
Dividends paid	11	**(12.4)**	(10.3)
Purchase of shares to satisfy share awards		**(6.3)**	(2.5)
Proceeds from share issue		**0.3**	1.5
Cash used in financing activities		**(20.7)**	(14.3)
Net increase in cash and cash equivalents		**38.9**	9.1
Cash, cash equivalents and bank overdrafts at beginning of period		**63.4**	54.3
Cash, cash equivalents and bank overdrafts at end of period[1]	8	**102.3**	63.4

[1]Cash and cash equivalents of £102.3m (2022/23: £63.4m) includes bank overdraft of £nil (2022/23: £1.0m) and cash and bank deposits of £102.3m (2022/23: £64.4m). See notes 8 and 10 for more details.

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings[1] £m	Total equity £m
At 3 April 2022		86.3	1.5	351.7	(9.3)	1,076.7	1,506.9
Profit for the period		-	-	-	-	91.6	91.6
Remeasurements of defined benefit schemes	7	-	-	-	-	(245.6)	(245.6)
Deferred tax credit	5	-	-	-	-	52.7	52.7
Current tax credit	5	-	-	-	-	7.2	7.2
Exchange differences on translation		-	-	-	-	0.6	0.6
Other comprehensive expense		-	-	-	-	(185.1)	(185.1)
Total comprehensive expense		-	-	-	-	(93.5)	(93.5)
Shares issued		0.5	1.0	-	-	-	1.5
Share-based payments		-	-	-	-	4.6	4.6
Purchase of shares to satisfy share awards		-	-	-	-	(2.5)	(2.5)
Deferred tax movements on share-based payments	5	-	-	-	-	(0.7)	(0.7)
Dividends	11	-	-	-	-	(10.3)	(10.3)
At 1 April 2023		**86.8**	**2.5**	**351.7**	**(9.3)**	**974.3**	**1,406.0**

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings[1] £m	Total equity £m
At 2 April 2023		**86.8**	**2.5**	**351.7**	**(9.3)**	**974.3**	**1,406.0**
Profit for the period		**-**	**-**	**-**	**-**	**112.5**	**112.5**
Remeasurements of defined benefit schemes	7	**-**	**-**	**-**	**-**	**(237.7)**	**(237.7)**
Deferred tax credit	5	**-**	**-**	**-**	**-**	**50.6**	**50.6**
Current tax credit	5	**-**	**-**	**-**	**-**	**8.4**	**8.4**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(0.5)**	**(0.5)**
Other comprehensive expense		-	-	-	-	**(179.2)**	**(179.2)**
Total comprehensive expense		**-**	**-**	**-**	**-**	**(66.7)**	**(66.7)**
Shares issued		**0.1**	**0.2**	**-**	**-**	**-**	**0.3**
Share-based payments		**-**	**-**	**-**	**-**	**4.4**	**4.4**
Purchase of shares to satisfy share awards		**-**	**-**	**-**	**-**	**(6.3)**	**(6.3)**
Deferred tax movements on share-based payments	5	**-**	**-**	**-**	**-**	**1.6**	**1.6**
Dividends	11	**-**	**-**	**-**	**-**	**(12.4)**	**(12.4)**
At 30 March 2024		**86.9**	**2.7**	**351.7**	**(9.3)**	**894.9**	**1,326.9**

[1]Included in Retained earnings at 30 March 2024 is £3.9m in relation to cumulative translation losses (2022/23: £3.4m loss, 2021/22: £3.7m loss).

1. General information

The financial information included in this preliminary announcement does not constitute the Company's statutory accounts for the 52 weeks ended 30 March 2024 and for the 52 weeks ended 1 April 2023, but is derived from those accounts. Statutory accounts for the 52 weeks ended 1 April 2023 have been delivered to the registrar of companies, and those for 52 weeks ended 30 March 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention to by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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

Basis for preparation of financial statements on a going concern basis

The Group's revolving credit facility includes net debt/EBITDA and EBITDA/interest covenants as detailed in note 10. 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 30 September 2023 and 30 March 2024.

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 30 March 2024, the Group had total assets less current liabilities of £2,053.7m (2022/23: £2,133.6m), net current assets of £38.6m (2022/23: net current liabilities of £9.5m) and net assets of £1,326.9m (2022/23: £1,406.0m). Liquidity as at that date was £284.3m, made up of cash and cash equivalents, available overdrafts and undrawn committed credit facilities of £175.0m expiring in May 2026. At the time of the approval of this report, the cash and liquidity position of the Group has not changed significantly.

The directors have rigorously reviewed the global political and economic uncertainty driven by current conflict, the inflationary pressures across the industry and the cost-of-living crisis and have modelled a severe but plausible downside case impacting future financial performance, cash flows and covenant compliance, that cover a period of at least 12 months from the date of approval of the financial statements. The downside case represents severe but plausible assumptions related primarily to the impact of inflation during the review period. The directors have also considered the impact of the outbreak of an infectious disease, climate change, cyber attacks and changes in consumer preferences in the downside case modelled and have assumed all scenarios within the downside case impact during the period reviewed.

Whilst the downside scenario is deemed severe but plausible, it is considered by the directors to be a robust stress test of going concern, having an adverse impact on revenue, margin and cash flow. Should circumstances mean there is further downside, whilst not deemed plausible, the directors, in response have identified mitigating actions within their control, that would reduce costs, optimise cashflow and liquidity. Among these are the following actions: reducing capital expenditure, reducing marketing spend and delaying or cancelling discretionary spend. The directors have assumed no significant structural changes to the business will be needed in any of the scenarios modelled. None of the scenarios modelled are sufficiently material to prevent the Group from continuing as a going concern.

The directors, after reviewing financial forecasts and financing arrangements, have a reasonable expectation 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 continue to adopt the going concern basis (in accordance with the guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC) in preparing its consolidated financial statements.

Climate change

The Group has considered the impact of both physical and transitional climate change risks on the financial statements of the Group. The Group does not consider there to be a material impact on the valuation of the Group's assets or liabilities, including useful economic life of property, plant and equipment, or on any significant accounting estimates or judgements. See note 7 for further details on how the trustee of the Group's pension scheme plans to integrate climate change considerations into their investment strategy. The Group will continue to monitor the impact on valuations of assets and liabilities as government policy evolves.

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

2. Significant estimates and judgements

The following are areas of particular significance to the Group's financial statements and may include the use of estimates. Results may differ from actual amounts.

Significant accounting estimates

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

2.1 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 7.

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

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

Where pensions asset valuations were not available at the reporting date, as is usual practice, valuations at 31 December 2023 are rolled forward for cash movements to the end of March 2024 to estimate the valuations for these assets. This approach is principally relevant for Infrastructure Funds, Private Equity, Absolute Return Products, Property Assets, Illiquid Credits and Global Credits. Management have reviewed the individual investments to establish where valuations are not expected to be available for inclusion in these financial statements, movements in the most comparable indexes have then been applied to these investments to be reported as lagged valuations to establish any potential estimation uncertainty within the results.

2.2 Goodwill

Impairment reviews in respect of goodwill are performed at least annually and more regularly if there is an indicator of impairment. Impairment reviews in respect of intangible assets are performed when an event indicates that an impairment review is necessary. Examples of such triggering events include a significant planned restructuring, a major change in market conditions or technology, expectations of future operating losses, or a significant reduction in cash flows. In performing its impairment analysis, the Group takes into consideration these indicators including the difference between its market capitalisation and net assets.
The Group has considered the impact of the assumptions used on the calculations and has conducted sensitivity analysis on the value in use calculations of the CGUs carrying values for the purposes of testing goodwill.

2.3 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 one-two 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. If the Commercial accruals balance moved by 5.0% in either direction, this would have an impact of £3.7m.

2.4 Estimated values of acquired intangible assets on acquisitions

During the year, the Group completed the acquisition of Fuel10K Limited. An intangible asset relating to the brand was recognised as a fair value adjustment to the opening balance sheet. The brand asset is valued using a relief from royalty approach. The key assumptions underpinning the brand asset valuation are the revenue and profit projections, discount rates and contributory asset charges. Applying different assumptions could result in a significantly different brand intangible asset and a corresponding increase or decrease in the value of the residual goodwill recognised.

Judgements

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

2.5 Non-trading items

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

3. Segmental analysis

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

The Group's operating segments are defined as 'Grocery', 'Sweet Treats', and 'International'. The CODM reviews the performance by operating segment. The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells primarily sweet ambient food products. The International segment has been aggregated within the Grocery segment for reporting purposes as revenue is below 10.0% of the Group's total revenue and the segment is considered to have similar characteristics to that of Grocery as identified in IFRS 8. There has been no change to the segments during the period.

The CODM uses Divisional contribution as the key measure of the segments' results. Divisional contribution is defined as gross profit after selling, marketing and distribution costs. Divisional contribution is a consistent measure within the Group and reflects the segments' underlying trading performance for the period under evaluation.
The Group uses trading profit to review overall Group profitability. Trading profit is defined as pre-tax profit/loss before net finance costs, amortisation of intangible assets, fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administrative expenses, and any material items that require

separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance.

Revenues in the period ended 30 March 2024, from the Group's four principal customers, which individually represent over 10.0% of total Group revenue, are £289.9m, £156.5m, £127.9m and £109.6m (2022/23: £242.6m, £142.7m, £114.4m and £96.2m). These revenues relate to both the Grocery and Sweet Treats reportable segments.

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

The segment results for the period ended 30 March 2024, for the period ended 1 April 2023 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements are as follows:

	52 weeks ended 30 March 2024			52 weeks ended 1 April 2023		
	Grocery	**Sweet Treats**	**Total**	Grocery	Sweet Treats	Total
	£m	**£m**	**£m**	£m	£m	£m
External revenues	**850.4**	**287.1**	**1,137.5**	746.8	259.6	1,006.4
Divisional contribution	**219.8**	**33.7**	**253.5**	189.2	27.0	216.2
Group and corporate costs			**(74.0)**			(62.5)
Other income			**-**			3.8
Trading profit			**179.5**			157.5
Amortisation of brand assets			**(20.9)**			(20.7)
Fair value movements on foreign exchange and other derivative contracts[1]			**(1.1)**			(1.8)
Net interest on pensions and administrative expenses			**31.6**			17.7
Non-trading items:						
- Impairment of fixed assets[2]			**(4.2)**			(3.6)
- Restructuring costs[3]			**(5.3)**			(11.1)
- Other non-trading items[4]			**(1.9)**			(5.8)
Operating profit			**177.7**			132.2
Finance cost			**(30.4)**			(21.7)
Finance income			**4.1**			1.9
Profit before taxation			**151.4**			112.4

[1]The loss of £1.1m (2022/23: loss of £1.8m) reflects changes in fair value rate during the 52-week period and movement in nominal value of the instruments held at 30 March 2024 from the 1 April 2023 position.

[2] Impairment of fixed assets in the current period relates to the closure of the Knighton and Charnwood sites. Impairment of fixed assets in the prior period related to the Knighton site closure.

[3] Restructuring costs in the current period includes £3.7m, which relates to the closure of the Knighton site with the remainder relating to the closure of the Charnwood site. Restructuring costs in the prior period included £7.6m, which relates to the closure of the Knighton site with the remainder primarily relating to some supply chain restructuring.

[4]Other non-trading items in both the current and the prior period relate primarily to M&A transaction costs.

Revenue

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
United Kingdom	**1,067.1**	943.1
Other Europe	**34.9**	28.1
Rest of world	**35.5**	35.2
Total	**1,137.5**	1,006.4

Non-current assets

	As at 30 March 2024 £m	As at 1 April 2023 £m
United Kingdom	**1,182.7**	1,160.6

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

4. Finance income and costs

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Interest payable on bank loans and overdrafts	**(11.9)**	(7.4)
Interest payable on senior secured notes	**(11.5)**	(11.5)
Interest payable on revolving facility	**-**	(0.3)
Other interest payable[1]	**(5.2)**	(0.6)
Amortisation of debt issuance costs	**(1.8)**	(1.9)
Total finance cost	**(30.4)**	(21.7)
Interest receivable on bank deposits	**3.6**	0.8
Other finance income[2]	**0.5**	1.1
Total finance income	**4.1**	1.9
Net finance cost	**(26.3)**	(19.8)

[1]Included in other interest payable is £0.8m charge (2022/23: £0.6m charge) relating to non-cash interest costs on lease liabilities under IFRS 16 and £4.4m (2022/23: £nil) relating to the unwind of the Group's long-term provisions and contingent consideration related to Group acquisitions.

[2]Other finance income primarily relates to the unwind of the discount of the Group's long-term provisions.

5. Taxation

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Current tax		
- Current period	**(14.6)**	(8.1)
- Prior periods	**0.6**	-
Deferred tax		
- Current period	**(24.9)**	(15.8)
- Prior periods	**-**	0.7
- Changes in tax rate on the opening balance	**-**	2.4
Income tax charge	**(38.9)**	(20.8)

Tax relating to items recorded in other comprehensive income included:

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Corporation tax credit on pension movements	**8.4**	7.2
Deferred tax credit on pension movements	**50.6**	52.7
	59.0	59.9

The applicable rate of corporation tax for the period increased to 25.0% from 19.0% starting in April 2023. This was previously enacted in 2021 and UK deferred taxes at 30 March 2024 and 1 April 2023 have been measured using these enacted tax rates.

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 25.0% (2022/23: 19.0%). The reasons for this are explained below:

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Profit before taxation	**151.4**	112.4
Tax charge at the domestic income tax rate of 25.0% (2022/23: 19.0%)	**(37.9)**	(21.4)
Tax effect of:		
Non-deductible items	**(1.3)**	(0.1)
Impairment of tangible assets	**(0.5)**	-
Overseas losses not recognised	**(0.8)**	-
Acquisitions	**1.0**	-
Recognition of previously unrecognised losses	**-**	0.2
Adjustment due to change in tax rate on the opening balances	**-**	2.3
Difference between current and deferred tax rate	**-**	(3.5)
Tax incentives	**-**	1.0
Adjustments to prior periods	**0.6**	0.7
Income tax charge	**(38.9)**	(20.8)

There is no movement in losses recognised for the 52 weeks ended 31 March 2024. In the prior year £0.2m was recognised in relation to overseas losses. Corporation tax losses are not recognised where future recoverability is uncertain.

The adjustments to prior periods of £0.6m (2022/23: £0.7m) relates primarily to the changes in prior period intangibles, movement in provisions, capital allowances and RDEC (Research and Development expenditure credit) following verifications in submitted returns.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates, including the UK. The legislation will be effective for the Group's financial year beginning 31 March 2024. The Group is in scope of the Pillar Two legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. The assessment of the potential exposure to Pillar Two income taxes is based on the most recent country-by-country reporting prepared for the Group and based on this assessment, the Group does not expect any material potential exposure to Pillar Two top-up taxes.

Deferred tax

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

	2023/24	2022/23
	£m	£m
At 2 April 2023 / 3 April 2022	**(155.5)**	(189.8)
Business combinations	**(2.3)**	(5.0)
Charged to the statement of profit or loss	**(24.9)**	(12.7)
Credited to other comprehensive income	**50.6**	52.7
Credited / (Charged) to equity	**1.6**	(0.7)
At 30 March 2024 / 1 April 2023	**(130.5)**	(155.5)

The Group has not recognised £10m of deferred tax assets (2022/23: £2.2m not recognised) relating to UK and international corporation tax losses as future recoverability is considered uncertain. In addition, the Group has not recognised a tax asset of £67.8m (2022/23: £67.8m) relating to Advanced Corporation Tax ('ACT') and £75.8m (2022/23: £75.8m) relating to capital losses. Under current legislation these can generally be carried forward indefinitely.

Deferred tax liabilities	**Intangibles**	**Retirement benefit obligation**	**Leases**	**Other**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
At 3 April 2022	**(64.5)**	**(233.9)**	**(3.8)**	**(1.3)**	**(303.5)**
Acquisition of *The Spice Tailor*	**(5.0)**	**-**	**-**	**-**	**(5.0)**
Charge due to change in corporate tax rate					
- To statement of profit or loss	**(0.3)**	**-**	**-**	**-**	**(0.3)**
Current period credit/(charge)	**1.5**	**(6.7)**	**3.0**	**-**	**(2.2)**
Credited to other comprehensive (expense) / income	**-**	**52.7**	**-**	**-**	**52.7**
At 1 April 2023	**(68.3)**	**(187.9)**	**(0.8)**	**(1.3)**	**(258.3)**
At 2 April 2023	**(68.3)**	**(187.9)**	**(0.8)**	**(1.3)**	**(258.3)**
Acquisition of *FUEL10K* Limited	**(3.6)**	**-**	**-**	**-**	**(3.6)**
Current period credit/(charge)	**1.7**	**(10.0)**	**0.4**	**1.0**	**(6.9)**
Credited to other comprehensive income	**-**	**50.6**	**-**	**-**	**50.6**
At 30 March 2024	**(70.2)**	**(147.3)**	**(0.4)**	**(0.3)**	**(218.2)**

Deferred tax assets	Accelerated tax depreciation	Share-based payments	Losses	Other	Total
	£m	£m	£m	£m	£m
At 3 April 2022	51.3	3.9	57.7	0.8	113.7
Credit due to change in corporate tax rate					
- To statement of profit or loss	2.3	-	0.3	0.1	2.7
Current period (charge)/credit	(13.9)	0.5	(2.2)	2.0	(13.6)
Credited to equity	-	(1.2)	-	-	(1.2)
Prior period credit					
- To statement of profit or loss	0.5	0.2	-	-	0.7
- To equity	-	0.5	-	-	0.5
At 1 April 2023	**40.2**	**3.9**	**55.8**	**2.9**	**102.8**
At 2 April 2023	**40.2**	**3.9**	**55.8**	**2.9**	**102.8**
Acquisition of *FUEL10K Limited*	**-**	**-**	**1.3**	**-**	**1.3**
Current period (charge)/credit	**(11.3)**	**1.0**	**(7.4)**	**(0.3)**	**(18.0)**
Credited to equity	**-**	**1.6**	**-**	**-**	**1.6**
Prior period (charge) / credit					
- To statement of profit or loss	**0.1**	**-**	**0.7**	**(0.8)**	**-**
At 30 March 2024	**29.0**	**6.5**	**50.4**	**1.8**	**87.7**

Deferred tax asset on losses and accelerated tax depreciation	
As at 30 March 2024	**22.4**
As at 1 April 2023	22.4

Net deferred tax liability	**£m**
As at 30 March 2024	**(152.9)**
As at 1 April 2023	(177.9)

Where there is a legal right of offset and an intention to settle as such, deferred tax assets and liabilities may be presented on a net basis. This is the case for most of the Group's deferred tax balances except non-trading losses of £22.4m (2022/23: £22.4m). The remainder of deferred tax assets have, therefore, been offset in the tables above. Substantial elements of the Group's deferred tax assets and liabilities, primarily relating to the defined benefit pension obligation, are greater than one year in nature.

6. Earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to owners of the parent of £112.5m (2022/23: £91.6m profit) by the weighted average number of ordinary shares of the Company.

Weighted average shares

	2023/24 Number (m)	2022/23 Number (m)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**862.4**	861.2
Effect of dilutive potential ordinary shares:		
- Share options	**21.1**	19.5
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**883.5**	880.7

Earnings per share calculation

	52 weeks ended 30 March 2024			52 weeks ended 1 April 2023		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	**112.5**	**-**	**112.5**	91.6	-	91.6
Weighted average number of shares (m)	**862.4**	**21.1**	**883.5**	861.2	19.5	880.7
Earnings per share (pence)	**13.0**	**(0.3)**	**12.7**	10.6	(0.2)	10.4

Dilutive effect of share options

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

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

Adjusted earnings per share ('Adjusted EPS')

Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 25.0% (2022/23: 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 other interest payable and other interest receivable.

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

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Trading profit (note 3)	**179.5**	157.5
Less net regular interest	**(21.6)**	(20.3)
Adjusted profit before taxation	**157.9**	137.2
Notional tax at 25.0% (2022/23: 19.0%)	**(39.5)**	(26.1)
Adjusted profit after taxation	**118.4**	111.1
Average shares in issue (m)	**862.4**	861.2
Adjusted basic EPS (pence)	**13.7**	12.9

Net regular interest		
Net finance cost	**(26.3)**	(19.8)
Exclude other finance income	**(0.5)**	(1.1)
Exclude other interest payable	**5.2**	0.6
Net regular interest	**(21.6)**	(20.3)

7. Retirement benefit schemes

Defined benefit schemes

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

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

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

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

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

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

On 6 March 2024, the Group announced that following the strong performance of the pensions schemes since the 2020 segregated merger, deficit contribution payments would be suspended from 1 April 2024. Subject to the results of the next triennial valuation due at 31 March 2025 for all three sections of the RHM Pensions Scheme, the Group anticipates no further contributions to be payable after this date.

The exchange rates used to translate the overseas euro-based schemes are £1.00 = €1.1587 (2022/23: £1.00 = €1.1582) for the average rate during the period, and £1.00 = €1.1699 (2022/23: £1.00 = €1.1377) for the closing position at period-end.

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

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

The schemes invest through investment managers appointed by the trustees in a broad range of assets to support the security and funding of their pension obligations. Asset classes used include government bonds, private equity, absolute return products, swaps, infrastructure, illiquid credits and global credits.
The scheme assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The RHM Pension Scheme holds a security over the assets of the Group, which ranks pari passu with the banks and bondholders in the event of insolvency, up to a cap.

The schemes incorporate a Liability Driven Investment (LDI) strategy to more closely match the assets with changes in value of liabilities. The RHM Pension Scheme uses assets including interest rate and inflation swaps, index-linked bonds and infrastructure in its LDI strategy.

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

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

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

The trustee disclosed the scheme's first TCFD report as part of the 2023 year-end reporting cycle.

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

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

The exposure to the yield and inflation risks described above can be hedged by investing in assets that move in the same direction as the liabilities in the event of a fall in yields, or a rise in inflation. The RHM Pension Scheme as a whole has largely hedged inflation and interest rate exposure to the extent of its funding level.

The liabilities of the schemes are approximately 35.0% in respect of former active members who have yet to retire and approximately 65.0% in respect of pensioner members already in receipt of benefits.

The average duration of the sectionalised pension liabilities in the RHM Pension Scheme is 13.0 years (12.8 years for the RHM Section; 13.9 years for the PF Section and 13.4 years for the PGP Section).

All pension schemes are closed to future accrual.

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

	At 30 March 2024		At 1 April 2023	
	Premier Schemes	RHM Schemes	Premier Schemes	RHM Schemes
Discount rate	**4.80%**	**4.80%**	4.80%	4.80%
Inflation – RPI	**3.15%**	**3.15%**	3.30%	3.30%
Inflation – CPI	**2.75%**	**2.75%**	2.85%	2.85%
Future pension increases				
- RPI (min 0.0% and max 5.0%)	**2.90%**	**2.90%**	3.05%	3.05%
- CPI (min 3.0% and max 5.0%)	**3.55%**	**3.55%**	3.55%	3.55%

For the smaller overseas schemes, the discount rate used was 3.30% (2022/23: 3.65%) and future pension increases were 2.10% (2022/23: 2.45%).

At 30 March 2024 and 1 April 2023, the discount rate was derived based on a bond yield curve expanded to also include bonds rated AA by one credit agency (and which might, for example, be rated A or AAA by other agencies).

The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium of 0.3% (2022/23: 0.3%), reflects an allowance for additional market distortions caused by the RPI reform proposals.

The Group has set the CPI assumption by assuming it is 0.9% p.a. lower than RPI pre 2030 (2022/23: 1.0% lower pre 2030), reflecting UKSA's stated intention to make no changes before 2030, and 0.1% lower than RPI post 2030 (2022/23: 0.1% lower post 2030), this being our expectation of the long-term average difference between CPI and CPI-H. Using this approach, the assumed difference between the RPI and CPI is an average of 0.40% (2022/23: 0.45%) p.a.

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

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

The mortality assumptions are based on the latest standard mortality tables at the reporting date. The directors have considered the impact of the recent Covid-19 pandemic on the mortality assumptions and consider that use of the updated Continuous Mortality Improvement ('CMI') 2022 projections for the future improvement assumption a reasonable approach.

The life expectancy assumptions are as follows:

	At 30 March 2024		At 1 April 2023	
	Premier Schemes	RHM Schemes	Premier Schemes	RHM Schemes
Male pensioner, currently aged 65	**86.3**	**84.6**	86.5	84.7
Female pensioner, currently aged 65	**88.1**	**87.0**	88.2	87.1
Male non-pensioner, currently aged 45	**87.2**	**85.8**	87.4	86.0
Female non-pensioner, currently aged 45	**89.5**	**88.8**	89.7	89.0

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

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by £38.4m/£39.0m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £16.8m/£16.8m
Assumed life expectancy at age 60 (rate of mortality)	Increase/decrease by 1 year	Increase/decrease by £109.6m/£118.4m

The sensitivity information has been derived using projected cash flows for the schemes valued using the relevant assumptions and membership profile as at 30 March 2024. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

	Premier Schemes £m	% of total	RHM Schemes £m	% of total	Total £m	% of total
Assets with a quoted price in an active market at 30 March 2024:						
Government bonds	**276.5**	**51.8**	**958.9**	**31.7**	**1,235.4**	**34.6**
Cash	**9.7**	**1.8**	**31.6**	**1.0**	**41.3**	**1.2**
Assets without a quoted price in an active market at 30 March 2024:						
UK equities	**-**	**-**	**-**	**-**	**-**	**-**
Global equities	**-**	**-**	**2.1**	**0.1**	**2.1**	**0.1**
Government bonds	**29.8**	**5.6**	**4.3**	**0.1**	**34.1**	**1.0**
Corporate bonds	**7.4**	**1.4**	**4.0**	**0.1**	**11.4**	**0.3**
Global property	**72.3**	**13.5**	**376.3**	**12.4**	**448.6**	**12.5**
Absolute return products	**5.3**	**1.0**	**239.3**	**7.9**	**244.6**	**6.9**
Infrastructure funds	**22.7**	**4.3**	**355.8**	**11.7**	**378.5**	**10.5**
Interest rate swaps	**-**	**-**	**241.6**	**8.0**	**241.6**	**6.8**
Inflation swaps	**-**	**-**	**24.0**	**0.8**	**24.0**	**0.7**
Private equity	**39.2**	**7.4**	**326.3**	**10.8**	**365.5**	**10.3**
LDI	**-**	**-**	**7.2**	**0.2**	**7.2**	**0.2**
Global credit	**3.2**	**0.6**	**178.0**	**5.9**	**181.2**	**5.1**
Illiquid credit	**61.7**	**11.6**	**201.6**	**6.6**	**263.3**	**7.4**
Cash	**3.6**	**0.7**	**0.6**	**-**	**4.2**	**0.1**
Other	**1.6**	**0.3**	**80.4**	**2.7**	**82.0**	**2.3**
Fair value of scheme assets as at 30 March 2024	**533.0**	**100**	**3,032.0**	**100**	**3,565.0**	**100**
Assets with a quoted price in an active market at 1 April 2023:						
Government bonds	197.8	35.8	815.1	25.2	1,012.9	26.7
Cash	8.2	1.5	59.1	1.8	67.3	1.8
Assets without a quoted price in an active market at 1 April 2023:						
UK equities	0.1	-	-	-	0.1	-
Global equities	2.3	0.4	4.6	0.1	6.9	0.2
Government bonds	30.5	5.5	2.1	0.1	32.6	0.9
Corporate bonds	7.4	1.4	4.9	0.2	12.3	0.3
Global property	113.4	20.5	418.6	12.9	532.0	14.0
Absolute return products	6.8	1.2	426.6	13.2	433.4	11.4
Infrastructure funds	27.4	5	342.5	10.6	369.9	9.8
Interest rate swaps	-	-	286.6	8.8	286.6	7.6
Inflation swaps	-	-	43.4	1.3	43.4	1.1
Private equity	48.8	8.8	310.8	9.6	359.6	9.5
LDI	-	-	7.1	0.2	7.1	0.2
Global credit	4.3	0.8	205.9	6.4	210.2	5.5
Illiquid credit	101.4	18.3	227.5	7.00	328.9	8.7
Cash	0.5	0.1	0.1	-	0.6	-
Other	3.7	0.7	85.3	2.6	89.0	2.3
Fair value of scheme assets as at 1 April 2023	552.6	100	3,240.2	100	3,792.8	100

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

Pension assets have been reported using 30 March 2024 valuations where available. As is usual practice for pensions assets where valuations at this date were not available, the most recent valuations (predominantly at 31 December 2023) have been rolled forward for cash movements to 30 March 2024 and recognised as lagged valuations. This is considered by management the most appropriate estimate of valuations for these assets using the information available at the time. At 30 March 2024, the financial statements include £363.8m of assets (2022/23: £371.0m) using lagged valuations and were these lagged valuations to move by 1.0% there would be a £3.6m (2022/23: £3.7m) impact on the fair value of scheme assets. This approach is principally relevant for Private Equity, Property Assets, Illiquid Credits and Global Credits asset categories. Pension assets valuations are subject to estimation uncertainty due to market volatility, which could result in a material movement in asset values over the next 12 months. The amounts recognised in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes are as follows:

	Premier Schemes	**RHM Schemes**	**Total**
	£m	**£m**	**£m**
At 30 March 2024			
Present value of defined benefit obligation	**(730.7)**	**(2,232.8)**	**(2,963.5)**
Fair value of plan assets	**533.0**	**3,032.0**	**3,565.0**
(Deficit)/surplus in schemes	**(197.7)**	**799.2**	**601.5**
At 1 April 2023			
Present value of defined benefit obligation	(735.4)	(2,291.9)	(3,027.3)
Fair value of plan assets	552.6	3,240.2	3,792.8
(Deficit)/surplus in schemes	(182.8)	948.3	765.5

The aggregate surplus of £765.5m has decreased to a surplus of £601.5m in the current period. This decrease of £164.0m (2022/23: £179.4m decrease) is primarily due to a lower return on scheme assets. Further details are provided later in this note.

The disclosures in note 7 represent those schemes that are associated with Premier ('Premier Schemes') and those that are associated with ex-RHM companies ('RHM Schemes'). These differ to that disclosed on the balance sheet, in which the schemes have been split between those in an asset position and those in a liability position. The disclosures in note 7 reconcile to those disclosed on the balance sheet as shown below:

	At 30 March 2024			**At 1 April 2023**		
	Premier Schemes	**RHM Schemes**	**Total**	**Premier Schemes**	**RHM Schemes**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Schemes in net asset position	**10.8**	**799.2**	**810.0**	11.8	948.3	960.1
Schemes in net liability position	**(208.5)**	**-**	**(208.5)**	(194.6)	-	(194.6)
Net (Deficit)/surplus in schemes	**(197.7)**	**799.2**	**601.5**	(182.8)	948.3	765.5

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

	Premier Schemes £m	RHM Schemes £m	Total £m
Defined benefit obligation at 3 April 2022	(1,020.2)	(3,134.9)	(4,155.1)
Interest cost	(27.0)	(83.9)	(110.9)
Settlement	0.3	-	0.3
Remeasurement gain	271.9	787.3	1,059.2
Exchange differences	(1.6)	(1.1)	(2.7)
Benefits paid	41.2	140.7	181.9
Defined benefit obligation at 1 April 2023	**(735.4)**	**(2,291.9)**	**(3,027.3)**
Interest cost	**(33.9)**	**(105.8)**	**(139.7)**
Remeasurement (loss) / gain	**(1.9)**	**18.5**	**16.6**
Exchange differences	**0.9**	**0.5**	**1.4**
Benefits paid	**39.6**	**145.9**	**185.5**
Defined benefit obligation at 30 March 2024	**(730.7)**	**(2,232.8)**	**(2,963.5)**

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

	Premier Schemes £m	RHM Schemes £m	Total £m
Fair value of scheme assets at 3 April 2022	826.3	4,273.7	5,100.0
Interest income on scheme assets	22.1	115.1	137.2
Remeasurement losses	(295.7)	(1,009.1)	(1,304.8)
Administrative costs	(4.2)	(4.4)	(8.6)
Settlement	(0.3)	-	(0.3)
Contributions by employer	40.6	4.5	45.1
Additional employer contribution[1]	2.7	-	2.7
Exchange differences	2.3	1.1	3.4
Benefits paid	(41.2)	(140.7)	(181.9)
Fair value of scheme assets at 1 April 2023	**552.6**	**3,240.2**	**3,792.8**
Interest income on scheme assets	**25.9**	**151.0**	**176.9**
Remeasurement losses	**(40.5)**	**(213.8)**	**(254.3)**
Administrative costs	**(2.7)**	**(2.9)**	**(5.6)**
Contributions by employer	**34.8**	**3.9**	**38.7**
Additional employer contribution[1]	**3.8**	**-**	**3.8**
Exchange differences	**(1.3)**	**(0.5)**	**(1.8)**
Benefits paid	**(39.6)**	**(145.9)**	**(185.5)**
Fair value of plan assets at 30 March 2024	**533.0**	**3,032.0**	**3,565.0**

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

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

	Premier Schemes £m	RHM Schemes £m	Total £m
(Deficit)/surplus in schemes at 3 April 2022	(193.9)	1,138.8	944.9
Amount recognised in profit or loss	(9.1)	26.8	17.7
Remeasurements recognised in other comprehensive income	(23.8)	(221.8)	(245.6)
Contributions by employer	40.6	4.5	45.1
Additional employer contribution[1]	2.7	-	2.7
Exchange differences recognised in other comprehensive income	0.7	-	0.7
(Deficit)/surplus in schemes at 1 April 2023	**(182.8)**	**948.3**	**765.5**
Amount recognised in profit or loss	**(10.7)**	**42.3**	**31.6**
Remeasurements recognised in other comprehensive income	**(42.4)**	**(195.3)**	**(237.7)**
Contributions by employer	**34.8**	**3.9**	**38.7**
Additional employer contribution[1]	**3.8**	**-**	**3.8**
Exchange differences recognised in other comprehensive income	**(0.4)**	**-**	**(0.4)**
(Deficit)/surplus in schemes at 30 March 2024	**(197.7)**	**799.2**	**601.5**

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

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

	At 30 March 2024			At 1 April 2023		
	Premier Schemes £m	RHM Schemes £m	Total £m	Premier Schemes £m	RHM Schemes £m	Total £m
Remeasurement (loss) / gain on scheme liabilities	**(1.9)**	**18.5**	**16.6**	271.9	787.3	1,059.2
Remeasurement loss on scheme assets	**(40.5)**	**(213.8)**	**(254.3)**	(295.7)	(1,009.1)	(1,304.8)
Net remeasurement loss for the period	**(42.4)**	**(195.3)**	**(237.7)**	(23.8)	(221.8)	(245.6)

The actual return on scheme assets was a £77.4m loss (2022/23: £1,167.6m loss), which is £254.3m less (2022/23: £1,304.8m less) than the interest income on scheme assets of £176.9m (2022/23: £137.2m).

The remeasurement gain on liabilities of £16.6m (2022/23: £1,059.2m gain) comprises a gain due to changes in financial assumptions of £6.9m (2022/23: £1,089.8m gain), a loss due to member experience of £21.2m (2022/23: £69.7m loss) and a gain due to demographic assumptions of £30.9m (2022/23: £39.1m gain).

The Group expects to contribute £6.0m annually to its defined benefit schemes in relation to expenses and government levies up to 29 March 2025. An agreement has been reached with the RHM Pension Scheme Trustee to suspend deficit contributions payments from 1 April 2024, as a result of this agreement, the Group has entered into a Letter of Credit in favour of the Scheme, equal to the suspended deficit contributions.

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

The Group is aware of the Virgin Media court ruling on rule amendments to Defined Benefit schemes and that it may impact the obligation of the legacy Defined Benefit pension plans in the UK. However, the extent of the impact is uncertain, the case is being appealed and it is also possible that the government may intervene, using powers in the existing legislation. On this basis, the Group is waiting for the outcome of these before taking action.

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

	Premier schemes £m	RHM schemes £m	Total £m
Period ended 30 March 2024			
Operating profit			
Administrative costs	**(2.7)**	**(2.9)**	**(5.6)**
Net interest (cost)/credit	**(8.0)**	**45.2**	**37.2**
Total (cost)/credit	**(10.7)**	**42.3**	**31.6**
Period ended 1 April 2023			
Operating profit			
Administrative costs	(4.2)	(4.4)	(8.6)
Net interest (cost)/credit	(4.9)	31.2	26.3
Total (cost)/credit	(9.1)	26.8	17.7

Defined contribution schemes

A number of companies in the Group operate defined contribution schemes, including provisions to comply with auto enrolment requirements laid down by law. In addition, a number of schemes providing life assurance benefits only are operated. The total expense recognised in the statement of profit or loss of £10.2m (2022/23: £8.2m) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

8. Notes to the cash flow

Reconciliation of profit before taxation to cash flows from operations

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Profit before taxation	**151.4**	112.4
Net finance cost	**26.3**	19.8
Operating profit	**177.7**	132.2
Depreciation of property, plant and equipment	**19.5**	19.9
Amortisation of intangible assets	**25.8**	25.6
Impairment of non-current assets[1]	**6.2**	3.6
Net (gain)/ loss on disposal of non-current assets	**(0.2)**	0.3
Fair value movements on foreign exchange and other derivative contracts	**1.1**	1.8
Net interest on pensions and administrative expenses	**(31.6)**	(17.7)
Equity-settled employee incentive schemes	**4.4**	4.6
Increase in inventories	**(7.5)**	(12.4)
Increase in trade and other receivables	**(16.9)**	(1.9)
Increase in trade and other payables and provisions	**10.4**	0.1
Additional employer contribution[2]	**(3.8)**	(2.7)
Contribution to defined benefit pension schemes	**(38.7)**	(45.1)
Cash generated from operations	**146.4**	108.3

[1] Impairment of non-current assets primarily relates to the closure of the Knighton and Charnwood sites.
[2]Contribution by the Group to the Premier Schemes due to the payment of dividends during the year.

Reconciliation of cash and cash equivalents to net borrowings

		52 weeks ended 30 March 2024	52 weeks ended 1 April 2023
	£m	**£m**	£m
Net inflow of cash and cash equivalents		**38.9**	9.1
Movement in lease liabilities		**1.1**	2.8
Debt issuance costs in the period		**0.5**	0.7
Other non-cash movements		**(1.8)**	(1.9)
Decrease in borrowings net of cash		**38.7**	10.7
Total net borrowings at beginning of period		**(274.3)**	(285.0)
Total net borrowings at end of period		**(235.6)**	(274.3)

Analysis of movement in borrowings

	As at 2 April 2023 £m	**Cash flows £m**	**Non-cash interest expense £m**	**Other non-cash movements £m**	**As at 30 March 2024 £m**
Bank overdrafts	(1.0)	1.0	-	-	**-**
Cash and bank deposits	64.4	37.9	-	-	**102.3**
Net cash and cash equivalents	63.4	38.9	-	-	**102.3**
Borrowings - Senior Secured Fixed Rate Notes maturing October 2026	(330.0)	-	-	-	**(330.0)**
Lease liabilities	(13.3)	2.6	(0.8)	(0.7)	**(12.2)**
Gross borrowings net of cash[1]	(279.9)	41.5	(0.8)	(0.7)	**(239.9)**
Debt issuance costs[2]	5.6	0.5	(1.8)	-	**4.3**
Total net borrowings[1]	(274.3)	42.0	(2.6)	(0.7)	**(235.6)**
Total net borrowings excluding lease liabilities[1]	(261.0)	39.4	(1.8)	-	**(223.4)**

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

Cash outflows of £2.6m (2022/23: £2.9m) in relation to repayments of lease liabilities have been included in the consolidated statement of cash flows, including £0.8m included in interest paid within cash flows from operating activities.

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

	As at 30 March 2024			As at 1 April 2023		
	Offset asset	**Offset liability**	**Net offset asset**	Offset asset	Offset liability	Net offset liability
Cash, cash equivalents and bank overdrafts	**16.0**	**(12.5)**	**3.5**	12.6	(13.6)	(1.0)

9. 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 30 March 2024		As at 1 April 2023	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets at amortised cost:				
Trade and other receivables	**72.7**	**72.7**	63.7	63.7
Cash and cash equivalents[1]	**102.3**	**102.3**	64.4	64.4
Financial assets at fair value through profit or loss:				
Trade and other receivables	**7.8**	**7.8**	4.2	4.2
Derivative financial instruments				
– Forward foreign currency exchange contracts	**-**	**-**	0.7	0.7
– Commodity and energy derivatives	**-**	**-**	0.1	0.1
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**(0.8)**	**(0.8)**	(0.5)	(0.5)
– Commodity and energy derivatives	**-**	**-**	-	-
Other financial liabilities at fair value through profit or loss:				
- Deferred contingent consideration (note 15)	**(19.1)**	**(19.1)**	(8.2)	(8.2)
Financial liabilities at amortised cost:				
Trade and other payables	**(255.8)**	**(255.8)**	(248.3)	(248.3)
Senior secured notes	**(330.0)**	**(315.0)**	(330.0)	(297.8)
Bank overdrafts	**-**	**-**	(1.0)	(1.0)

[1] Re-presented to include cash and cash equivalents at amortised cost

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 30 March 2024			As at 1 April 2023		
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss:						
Trade and other receivables	-	**4.9**	**2.9**	-	1.8	2.4
Derivative financial instruments						
– Forward foreign currency exchange contracts	**-**	**-**	**-**	-	0.7	-
– Commodity and energy derivatives	**-**	**-**	**-**	-	0.1	-
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments						
– Forward foreign currency exchange contracts	**-**	**(0.8)**	**-**	-	(0.5)	-
Other financial liabilities at fair value through profit or loss:						
- Deferred contingent consideration (note 15)	**-**	**-**	**(19.1)**	-	-	(8.2)
Financial liabilities at amortised cost:						
Senior secured notes	**(315.0)**	**-**	**-**	(297.8)	-	-

10. Bank and other borrowings

	As at 30 March 2024 £m	As at 1 April 2023 £m
Current:		
Bank overdrafts	**-**	(1.0)
Lease liabilities	**(2.7)**	(2.1)
Total borrowings due within one year	**(2.7)**	(3.1)
Non-current:		
Transaction costs[1]	**4.3**	5.6
Senior secured notes	**(330.0)**	(330.0)
	(325.7)	(324.4)
Lease liabilities	**(9.5)**	(11.2)
Total borrowings due after more than one year	**(335.2)**	(335.6)
Total bank and other borrowings	**(337.9)**	(338.7)

[1]Included in transaction costs is £1.6m (2022/23: £1.7m) relating to the revolving credit facility.

Secured senior credit facility – revolving

The RCF of £175m attracts a leverage-based margin of between 2.0% and 4.0% above SONIA. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.
The covenant package attached to the revolving credit facility is:

	Net debt / EBITDA[1]	Net debt / Interest[1]
2023/24 FY	3.50x	3.00x
2024/25 FY	3.50x	3.00x

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

During the period, the Group extended the period of its revolving credit facility (‘RCF’) by one year to May 2026.

Senior secured notes

The senior secured notes are listed on the Irish GEM Stock Exchange. The notes totalling £330m mature in October 2026 and attract an interest rate of 3.5%.

11. Dividends

The following dividends were declared and paid during the period:

	52 weeks ended 30 March 2024 £m	52 weeks ended 1 April 2023 £m
Ordinary final of 1.44 pence per ordinary share (2022/23: 1.2 pence)	**12.4**	10.3

After the balance sheet date, a final dividend for 2023/24 of 1.728 pence per qualifying ordinary share (2022/23: 1.44 pence) was proposed for approval at the Annual General Meeting on 18 July 2024 and will be payable on 26 July 2024. Dividend distributions are recognised as a liability in the period in which the dividends are approved by Group's shareholders.

12. 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 30 March 2024 of £17.3m (2022/23: £8.9m).

13. Contingencies

There were no material contingent liabilities at 30 March 2024 (2022/23: none).

14. Related party transactions

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

15. Acquisition of subsidiary

Acquisition of *FUEL 10K* Limited

On 29 October 2023, the Group acquired 100% of the ordinary share capital of *FUEL 10K* Limited *('FUEL10K')* for initial consideration of £29.6m. A minimum further deferred consideration of £4.0m will be payable in 2026/27, with any increment to this dependent upon certain growth targets, and subject to a maximum cap of total consideration (comprising initial consideration and additional deferred consideration) of £55m. The acquisition provides an ideal platform to accelerate the Group's expansion into the Breakfast category, building on the recent successful launch of *Ambrosia* porridge pots and possessing a differentiated category position, with its protein enriched product range and appealing to a younger demographic.

The following table summarises the Group's provisional assessment of the consideration for *FUEL10K*, and the amounts of the assets acquired and liabilities assumed.

	IFRS book value at acquisition	Fair value adjustments	Fair value
Recognised amounts of identifiable assets acquired and liabilities assumed	**£m**	**£m**	**£m**
Brands and other intangible assets	-	14.4	14.4
Deferred tax asset	-	1.5	1.5
Inventories	2.0	0.3	2.3
Trade and other receivables[1]	3.7	1.4	5.1
Cash and cash equivalents	0.3	-	0.3
Trade and other payables	(4.8)	-	(4.8)
Deferred tax liability	-	(3.6)	(3.6)
Provisions	-	(1.4)	(1.4)
Total identifiable net assets	**1.2**	**12.6**	**13.8**
Goodwill on acquisition			**22.4**
Initial consideration transferred in cash			29.6
Deferred contingent consideration			6.6
Total consideration			**36.2**

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

Identifiable net assets
The fair values of the identifiable assets and liabilities acquired have been determined provisionally at the acquisition date. As permitted under IFRS 3 the Group may, within 12 months of the acquisition date, retrospectively adjust the provisional amounts recognised to reflect new information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognised as at the acquisition date.

As a result of the business combination, the Group recognised provisions of £1.4m in relation to the fair value of contingent liabilities acquired which relate primarily to future tax liabilities in line with IAS 37.

The fair value of the trade and other receivables acquired as part of the business combination was £5.1m. This includes an indemnification asset of £1.4m in relation to the contingent liabilities assumed, and trade receivables amounting to £3.7m, which approximated to the contractual cash flows.

Consideration transferred
Consideration included cash of £29.6m transferred on completion of the acquisition. An additional £6.6m was recognised in relation to the fair value of deferred contingent consideration being a minimum payment of £4.0m payable in 2026/27 with an increment to this subject to growth targets dependent on future performance. The deferred contingent consideration is included within non-current other liabilities.

The fair value of deferred contingent consideration represents the present value of estimate payments measured at the time of acquisition based on the Group's estimate of future performance. The fair value is based on unobservable inputs and is a classified as a level 3 fair value estimate under the IFRS fair value hierarchy. See note 9 for further details.

Acquisition-related costs amounting to £1.8m are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of administrative expenses.

Goodwill

Goodwill amounting to £22.4m was recognised on acquisition and while *FUEL10K* brand forms much of the enterprise value of the business, there is a premium associated to the purchase of a pre-existing, well positioned business. This goodwill is not expected to be deductible for tax purposes and is allocated to the Group's Grocery CGU.

***FUEL10K* contribution to the Group results**

From the date of the acquisition to 30 March 2024, *FUEL10K* contributed £8.1m to the Group's Revenues and a profit before taxation of £0.8m. Had the acquisition occurred on 2 April 2023, on a pro forma basis, the Group's revenue for the period to 30 March 2024 would have been £1,149.1m and profit before taxation for the same period would have been £151.5m.

16. Subsequent events

On 16 May 2024, the directors have proposed a final dividend of 1.728 pence for the period ended 30 March 2024 for approval at the Annual General Meeting. See note 11 for more details.