Premier Foods plc

19 May 2021

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

Preliminary year results for the 53 weeks ended 3 April 2021

Adjusted PBT growth of 23.5%, Net debt/EBITDA[3] reduced to 1.9x and dividend reinstated after 13 years

Financial results	FY20/21 53 week basis	Exclude: Week 53	FY20/21 52 week basis	FY19/20	Change 52 week basis
Headline measures					
Revenue (£m)	947.0	(12.8)	934.2	847.1	+10.3%
Trading profit[1] (£m)	151.3	(3.0)	148.3	132.6	+11.9%
Adjusted profit before taxation (£m)	117.9	(2.6)	115.3	93.3	+23.5%
Adjusted earnings per share[7] (pence)	11.2	(0.2)	11.0	8.9	+22.8%
Net debt/EBITDA[3,11,13] (pre-IFRS 16)	1.9	0.0	1.9	2.7	
Statutory measures					
Operating profit (£m)	152.6	N/A	N/A	95.3	+60.1%
Profit before taxation (£m)	122.8	N/A	N/A	53.6	+129.1%
Basic earnings per share (pence)	12.5	N/A	N/A	5.5	+127.3%
Net debt[9] (pre-IFRS 16, £m)	(314.1)	N/A	N/A	(408.1)	+23.0%
Net debt (£m)	(332.7)	N/A	N/A	(429.6)	+22.6%

Note: Only headline measures are provided on a 52 week basis, to aid comparability of results

Financial headlines

- Branded revenue* up +13.6% in full year and ahead +7.0% in Q4
- Trading profit* increased +11.9% to £148.3m after increased marketing investment and incremental Covid costs
- Net debt/EBITDA,[3,11] (pre-IFRS 16) reduced to 1.9x, the Group's lowest ever leverage[14]
- Repaid £190m Floating rate notes in FY20/21 reducing interest costs by c.£10m p.a.; plus ratings agency upgrades
- Combined pensions surplus of £539.9m
- New RCF facility to 2024 and launching offer of new £300m 5 year Senior Secured Fixed Rate Notes
- Proposed final dividend of 1.0 pence per share; reinstated for first time in thirteen years

Strategic & operational headlines

- Remained fully operational throughout pandemic
- Continued to deploy branded growth model; new product launches and six major brands received TV advertising
- Growing faster than the market; gained +70bps market share
- Online performance +104% and increased market share by 128bps
- Expanded consumer base as households tried new meal ideas
- International revenue growth +23%[8], demonstrating strong progress against revised strategy
- Strong ESG progress; reduced CO_2 emissions by 43% since 2008 and recyclable plastics increased from 63% to 70%
- Hovis disposal completed in H2, raising gross proceeds of £37.3m

Non-GAAP measures above are defined on page 15 and reconciled to statutory measures throughout
*Branded revenue and Trading profit on a 52 week basis
A reconciliation between 53 week and 52 week measure is provided in the appendices; EBITDA is EBITDA on an adjusted basis and as defined in the appendices

Alex Whitehouse, Chief Executive Officer

"This has been an outstanding year for the business with very strong financial metrics across the board. We have reduced our leverage to 1.9x EBITDA[3], repaid £190m of our Floating Rate Bonds saving approximately £10m in interest costs and entered into a transformational new pensions agreement. As a result, we are pleased to be reinstating dividend payments for the first time in 13 years. We have also just completed the refinancing of a new Revolving Credit facility with a refreshed bank group, extending maturity to at least 2024, and are today announcing the launch of a new Fixed Rate Bond."

"Throughout the year, we continued to drive our branded growth model, launching a series of new product ranges, including many healthy options such as Sharwood's low sugar stir fry sauces and increasing marketing investment with six of our major brands benefitting from TV advertising. This, along with a robust performance from our supply

chain, ensured we delivered growth ahead of the market. Sales of our brands online more than doubled and our continued focus on this channel led to further market share gains. In overseas markets we are now clearly seeing the benefits of last year's change in strategy with double digit growth in each quarter and 23% in the full year."

"We enter this year in a strong position, with the benefit of an expanded consumer base, further TV advertising for our brands and a substantial pipeline of new products planned. We are confident in our Trading profit expectations for the full year and we expect adjusted PBT to benefit from lower financing costs. As we look to the future, with a transformed business in a demonstrably much stronger financial position, we will continue to move forward at pace and with rigour, applying our brand building skills to expand the business. We will do this through entering new categories in the UK, scaling up our overseas businesses and exploring the opportunity for appropriate bolt on acquisitions."

"Finally, and most importantly, I would like to thank our colleagues who have shown incredible resilience and commitment, keeping our operations running, ensuring we were able to keep food supplies flowing to our customers and taking all the necessary actions to keep each other safe."

This announcement contains inside information.

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

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

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- Ends –

Environmental, Social and Governance (ESG)

The Group is committed to doing business responsibly and in a way that is sustainable for the business, its communities and the planet. It has a five pillar responsibility strategy which enables it to focus efforts on addressing the issues that are most relevant to people and the planet, now and in the future. These five pillars are: (i) encourage healthier choices; (ii) realise people's potential; (iii) support our communities; (iv) drive ethical sourcing and (v) reduce our environmental footprint. The Group delivered strong progress in all its ESG pillars during the year which includes:

- Healthier choices: 17 new better for you ranges were introduced in the year
- Realise people's potential: Featured in the Top 100 apprenticeship employers for 4th year in succession
- Ethical sourcing: 100% of its direct sourced soya now meets Round Table Resourced Soy (RTRS) requirements
- Supporting communities: Donated over 550,000 meals via Fareshare and 238,000 products to the NHS
- Reducing the Group's environmental footprint: CO_2 emissions reduced by 5.8% since last year and are now 42.7% lower than the 2008 baseline. Percentage of recyclable plastics increased from 63% to 70%.

On 5 May 2021, the Group appointed Hannah Collyer as Director of Corporate Affairs and ESG, to the executive leadership team of the Group, reporting to CEO Alex Whitehouse. This newly created role reflects the increased strategic importance of ESG issues to the business and the growing significance of sustainability in its fullest sense across the Group.

Response to Covid-19 pandemic

In the face of this pandemic, the business has proven to be robust and resilient, with colleagues demonstrating great resolve at home and at work, meeting unprecedented levels of consumer demand for the Group's brands, whilst adopting new Covid-safe ways of working. The Group's response to this crisis can be summarised as follows:

- Health and wellbeing of colleagues has been paramount
- Early implementation of enhanced hygiene protocols and social distancing measures in February 2020
- Manufacturing and logistics operations remained fully operational, ensuring continuity of food supply
- Donated 550,000 meals through charitable food redistributor, Fareshare and 238,000 products to NHS
- Continued to focus on the core business model, increasing brand investment and further innovation plans

Outlook

The Group goes into FY21/22 in a strong position, having gained a significantly larger consumer base during the past year. The business will continue to employ its successful branded growth model, with further new product launches planned and six of its largest brands due to benefit from TV advertising in FY21/22. It expects to deliver further progress overseas as it applies these strategies in its key international markets.

Initial trading this year is in line with the Group's expectations, reflecting the ongoing strength of its growth strategy, set against a period of strong comparatives. The Board is confident in the delivery of its full year profit expectations, and is set to benefit from substantially lower financing costs. As the Group transitions to the next phase of its evolution, it will look to expand through accessing new categories in the UK and also in selected overseas markets, while exploring bolt-on acquisition opportunities. It continues to target 1.5x Net debt/EBITDA[3] in the medium term.

Financial results

Revenue

£m	FY20/21 53 week basis	Exclude: Week 53	FY20/21 52 week basis	FY19/20	FY20/21 vs FY19/20 (52 week % change)
Grocery	**702.6**	(9.2)	**693.4**	**611.6**	+13.4%
- Branded	609.3	(7.6)	601.7	514.7	+16.9%
- Non-branded	93.3	(1.6)	91.7	96.9	(5.3%)
Sweet Treats	**244.4**	(3.6)	**240.8**	**235.5**	+2.2%
- Branded	203.2	(3.3)	199.9	190.9	+4.7%
- Non-branded	41.2	(0.3)	40.9	44.6	(8.4%)
Group	**947.0**	(12.8)	**934.2**	**847.1**	+10.3%
- Branded	812.5	(10.9)	801.6	705.6	+13.6%
- Non-branded	134.5	(1.9)	132.6	141.5	(6.3%)

Group revenue for the 53 weeks to 3 April 2021 was £947.0m, an increase of £99.9m compared to the 52 weeks ended 28 March 2020.

On a 52 week basis, Group revenue increased by +10.3% to £934.2m; Branded revenue grew by +13.6% while Non-branded revenue was (6.3%) lower. In the fourth quarter, on a 13 week comparative basis, Group revenue increase by +4.0% to £226.9m and branded revenues increased by +7.0%. In the year, the Group's branded mix advanced by 250 basis points to 85.8% on a 52 week basis.

The Group saw a prolonged period of elevated demand for its product ranges, as consumers were restricted to eating all meals at home due to the closure of hospitality outlets for long periods. The supply chain demonstrated its robustness through meeting these volumes and in doing so, kept product availability high. This, together with continued new product launches and brand investment, resulted in 70 basis points of market share gain in the year. Overall, the Group's consumer base expanded this year, as a result of more people cooking from home, experimenting with new recipes and expanding their repertoire of meals.

Grocery

Grocery revenue for the 53 week financial year was £702.6m, of which £609.3m was branded revenue and £93.3m Non-branded. On a 52 week basis, Grocery revenue increased by 13.4% to £693.4m, led by its branded portfolio which grew by 16.9% to £601.7m. The fourth quarter saw revenues grow by 3.6% to £172.4m with brands up by 6.8%. The grocery portfolio gained 32 basis points of value share in the year, growing faster than a market which increased by 12.3%.

In FY20/21, the Group's Grocery brands benefitted from the Group's innovation strategy and increasing consumer marketing investment behind emotionally engaging advertising. A significant driver of increased volumes in the year was due to consumers eating more meals at home due to pandemic related restrictions on eating out of home; consequently many of the major Grocery brands grew in strong double-digit terms, with *Bisto, Oxo, Ambrosia, Sharwood's, Homepride, Paxo* and *Nissin* all stand out performers. Additionally, the increase in cooking at home, with consumers expanding their repertoire of meals has resulted in a significant increase in household penetration of brands such as *Bisto, Oxo, Sharwood's* and *Paxo,* which all attracted approximately a million or more new households buying their product ranges.

New product development in the year was led by better for your options such as *Sharwood's* 30% less sugar cooking sauce pouches, 30% less fat Butter Chicken sauces and low-fat Naan breads. *Oxo* launched meat free Beef flavoured stock cubes, suitable for a vegan diet. The Group became the UK's sole distributor for the high quality *Cape Herb and Spice* range, which highlights the extension of the Group into a new sub-category. Other new products brought to market this year include *Bisto* Southern style gravy, which provides consumers with the opportunity to replicate takeaways at home following the fakeaway trend.

The Group's five largest Grocery brands; *Ambrosia, Batchelors, Bisto*, *Sharwood's* and *Oxo* received an aggregate 58 weeks of advertising on television during the year. *Ambrosia* and *Sharwood's* both benefitted from advertising for the first time in four and five years respectively, each with new production copy designed to build an emotional engagement with consumers.

The online market grew rapidly in H1 and broadly maintained this elevated level through the second half of the year. The Group's categories have grown ahead of this, with sales increasing by +104%, equating to a market share gain of 128 basis points. The Group has been developing its online capabilities over the last three years, increasing resource in this area to ensure maximum benefits from the growth potential in this channel. This includes ensuring the Group's brands are promoted and displayed using pertinent techniques for the online channel.

Looking ahead to FY21/22, the Grocery business will continue to launch a number of new product ranges as part of its healthier choices strategy. For example, it will be launching a Deliciously Vegan range of *Sharwood's* Indian cooking sauces and 30% less fat *Loyd Grossman* lasagne sauces. Other new product ranges include *Oxo* marinades and rubs, *Bisto* Creamy pepper sauce and *Bird's* convenient custard pots. The new *Cape Herb and Spice* range of rubs, chilli tins and seasonings, as described above, will expand to further distribution.

Additionally, the Group is planning to advertise all five of its largest Grocery brands during the course of the next financial year.

Sweet Treats

Sweet Treats revenue was £244.4m in the 53 weeks to 3 April 2021; branded revenue was £203.2m and Non-branded revenues £41.2m. On a 52 week basis, Sweet Treats revenue increased by 2.2% to £240.8m. Branded revenue saw growth of 4.7% in a declining cake market, which reflected fewer celebration occasions, while Non-branded revenue was 8.4% lower. The fourth quarter saw an acceleration in revenue growth, as total revenue in Sweet Treats increased by 5.4% on a 13 week comparable basis. Branded revenue was the driver of this growth, as revenue grew by 7.7%; well ahead of the wider cake market.

Market share of the Group's cake brands grew by 113 basis points in a market which declined by 2.3%, while Household penetration increased by a very strong 193 basis points.

After a muted start to the year, when consumers and customers focused heavily on staple items, both *Mr Kipling* and *Cadbury cake* enjoyed a strong year of revenue growth. *Mr Kipling,* the Group's largest brand, reached revenue of £150m for the first time in its history, benefitting from 25 weeks of TV advertising in the year, increased sales of its reduced sugar slices ranges and expansion of its premium Signature collection. *Cadbury cake* sales were supported by the launch of Crunchie and Fudge cake bars, while the core Mini Rolls delivered robust volumes through the year. The Group maintains its longstanding relationship with *Cadbury* owner, Mondelēz International; its licence for cake and ambient desserts is due to run until 2025.

In the coming months, the Group will be investing in further TV advertising for *Mr Kipling,* while FY21/22 sees the launch of *Mr Kipling* Choc Tarts. Sweet Treats will also benefit from the full year effect of new products launched in the prior year, such as the new *Cadbury* Crunchie and Fudge cake bars and expanded *Mr Kipling* Signature collection.

International

The International business enjoyed a strong year, as it began to reap the benefits of its revised strategy, with revenue at constant currency up 23%[8] compared to the prior year on a 52 week basis. This revamped approach is designed to deliver sustainable profitable growth as evidenced in the UK and is led by a new Head of International. The business has moved to a new organisational structure where locally based market heads have replaced function heads; a switch of resources from the UK to relevant markets. There is now a change of emphasis underpinned by strong focus on in-market execution, which involves ensuring the right products are presented to the shopper at the right price, combined with an optimum promotional strategy. Route to market solutions include using carefully chosen local partners with appropriate capabilities.

Revenue in FY20/21 grew in double digit percentage terms compared to the prior year in each four quarters of the year. In Ireland, all major brands displayed growth, some of which reflected increased at home consumption during the pandemic, in a similar way to the UK. In the second half of the year, Ireland saw the launch of new products such as the *Mr Kipling* Signature range and *Soba* Noodle pots and TV advertising for *Bisto* and *Mr Kipling*. These activities are the first examples of how the International business is applying the established and proven branded growth model from the UK to its overseas markets. Australia saw a similar approach; *Mr Kipling* aired on Australian TV in the fourth quarter and new product launches included *Sharwood's* low fat cooking sauces and *Mr Kipling* Chocolate & Cherry slices. A new head of market for Australia, now country and not UK based, was appointed in the year alongside a new team with strong local market consumer sector backgrounds.

The USA saw very strong revenue growth in the year which reflected significantly improved in market execution for *Sharwood's*, achieving 3,000 new distribution points. In the fourth quarter, the Group signed a new agreement with Weston Foods to sell and market *Mr Kipling* cakes in the USA. The first shipments of cake are expected to commence in the first half of FY21/22, which will follow the confirmation of a preferred lead customer.

Non-branded

On a 52 week basis, Grocery Non-branded revenue declined (5.3%) in the year while Sweet Treats revenue fell by (8.4%). Grocery saw an increase in volume and revenue for its retailer brand contracts, but this was more than offset by a fall in revenue for business to business units such as Knighton Foods and Charnwood Foods due to reduced eating out of home throughout the year. In Sweet Treats, the sales decline reflected contract exits for retailer brand cake and lower volumes in the discounter channel; these effects are expected to unwind in the second half of FY21/22.

Trading profit

£m	FY20/21 53 week basis	Exclude: Week 53	FY20/21 52 week basis	FY19/20	FY20/21 vs FY19/20 (52 week % change)
Divisional contribution	**197.9**	(3.0)	**194.9**	**171.9**	+13.4%
- Grocery	174.7	(2.2)	172.5	148.2	+16.4%
- Sweet Treats	23.2	(0.8)	22.4	23.7	(5.5%)
Group & corporate costs	(46.6)	-	(46.6)	(39.3)	(18.6%)
Trading profit	**151.3**	(3.0)	**148.3**	**132.6**	+11.9%

The Group delivered Trading profit of £151.3m in FY20/21. This comprised Divisional contribution of £197.9m less costs of Group & corporate related activity of £46.6m. On a 52 week basis, Trading profit in FY20/21 was £148.3m, an 11.9% increase on the prior year. Divisional contribution grew by +13.4% on the same basis, reflecting strong growth in the Grocery business of +16.4%, partly offset by a reduction in Sweet Treats Divisional contribution of £22.4m which was 5.5% lower.

Grocery benefitted from strong performances across its branded portfolio, as the substantial increase in volumes saw benefits of operational leverage feed through to Divisional contribution. This effect more than offset incremental supply chain costs incurred during the year associated with enhanced hygiene and social distancing measures and temporary labour as a result of the Covid-19 pandemic. Additionally, the Group increased its consumer marketing expenditure with *Ambrosia, Batchelors, Bisto, Sharwood's* and *Oxo* all recipients of television advertising in the year. This reflects one of the key pillars of the Group's branded growth model strategy of delivering emotionally engaging advertising. In the first half of the year, the Group also benefitted from generally lower market rates for media slots and accordingly was able to purchase more television advertising time than expected, however these lower market rates dissipated in the second half.

In Sweet Treats, Divisional contribution was £1.3m lower than the prior year. Divisional contribution was impacted by incremental Covid-19 related costs in a similar way to the Grocery business, although the requirements for additional social distancing measures and increased temporary labour due to higher absence was more evident in Sweet Treats than Grocery. Additionally, with less pronounced volume uplifts in Sweet Treats compared to Grocery, limited operational leverage benefits were offset by these incremental pandemic related costs. Marketing investment for *Mr Kipling* was higher in the year, as the Group's largest brands benefitted from 25 weeks on air of the popular 'Little Thief' television advert.

Group & corporate costs increased by £7.3m in the period to £46.6m. This was largely as a result of higher Group wider management incentive schemes costs, covering a large section of the Group's workforce.

The Group will continue to invest strongly behind its brands in FY21/22 as it did in FY20/21, with six of the Group's largest brands in line to benefit from media advertising. *Mr Kipling* and *Bisto* are planned to benefit from new advertising creative.

As the Group enters this year, it has been closely monitoring movements in commodity markets. The recent increase in some input costs are not unexpected and follow a period of relatively benign input cost inflation. The business has planned for these changes, and will use a range of measures to ensure any impacts are offset.

Operating profit

£m 53 week basis	FY20/21	FY19/20	Change
EBITDA[3]	**170.4**	**152.5**	**17.9**
Depreciation	(19.1)	(19.9)	0.8
Trading profit	**151.3**	**132.6**	**18.7**
Amortisation of intangible assets	(30.4)	(29.4)	(1.0)
Net interest on pensions and administrative expenses	9.7	(4.6)	14.3
Fair value movements on foreign exchange & derivatives	(2.3)	1.7	(4.0)
Non-trading items:			
Restructuring costs	(4.9)	(4.1)	(0.8)
GMP equalisation	(2.9)	-	(2.9)
Other non-trading	(0.5)	(0.9)	0.4
Operating profit before gain on sale of Hovis	**120.0**	**95.3**	**24.7**
Reversal of impairment loss on financial assets	15.7	-	15.7
Profit on disposal of investment in associate	16.9	-	16.9
Operating profit	**152.6**	**95.3**	**57.3**

Operating profit increased by £57.3m, to £152.6m in the year. This growth reflected the Trading profit performance as described above, a positive movement in the net interest on pensions and administrative expenses and the sale of the Group's Hovis investment in the second half of the year.

Amortisation of intangible assets was £30.4m in the year compared to £29.4m in FY19/20. Fair valuation of foreign exchange and derivatives resulted in an adverse movement of £2.3m. Non-trading restructuring costs increased by £0.8m to £4.9m in FY20/21. This increase was due to costs associated with advisory work on the segregated merger pensions agreement announced on 20 April 2020, integration of the Knighton Foods business. The November 2020 Guaranteed Minimum Pensions (GMP) high court judgement ruled that pension scheme trustees are also legally responsible for equalising the GMP for the employees who transferred out of UK defined benefit pension schemes. Accordingly, there is a requirement to revisit historic cash equivalent transfer values that were previously not equalised and make adjustments where necessary and a non-cash charge of £2.9m in the year reflects past service costs associated with this equalisation.

Net interest on pensions and administrative expenses was £9.7m, which includes expenses for operating the Group's pension schemes of £10.7m, offset by a net interest credit of £14.4m. Also included is a credit of £9.3m related to a Wind Up Lumpsum exercise as part of the scheme merger and a charge of £3.3m which reflects settlement costs associated with enhanced transfer value payments made to certain RHM scheme deferred members.

An impairment reversal of £15.7m was recognised in the period in respect of the Hovis loan note previously written off, reflecting the reassessment of the loan note's recoverability. A profit on disposal of £16.9m was recognised as result of the sale of the Hovis investment.

Finance costs

£m	FY20/21 53 week basis	Exclude: 53 week	FY20/21 52 week basis	FY19/20
Senior secured notes interest	25.9	(0.4)	25.5	31.0
Bank debt interest - net	4.6	(0.0)	4.6	5.0
	30.5	(0.4)	30.1	36.0
Amortisation of debt issuance costs	2.9	-	2.9	3.3
Net regular interest[5]	**33.4**	(0.4)	**33.0**	**39.3**
Write-off of financing costs	1.3			-
Discount unwind	(1.1)			1.3
Other finance cost	0.9			1.1
Other finance income	(4.7)			-
Net finance cost	**29.8**			**41.7**

Note: 52 week basis not applied for Write off of financing costs, Discount unwind, Other finance cost and Other finance income

Net finance cost was £29.8m in the year to the 53 weeks ended 3 April 2021, a decrease of £11.9m compared to FY19/20. Net regular interest was £33.4m in the year and £33.0m on a 52 week basis. This compares to £39.3m in the comparative period. The reduction in net regular interest in the year was primarily due to lower Senior secured notes interest charges, principally due to four partial redemptions of the Group's Floating Rate Notes (FRN) which completed at different points during the year, and are outlined in the table below.

£m	£m
FRN outstanding at 28 March 2020	**210.0**
Part redemptions in FY20/21:	
17 June 2020	(80.0)
1 December 2020	(40.0)
16 February 2021	(40.0)
31 March 2021	(30.0)
FRN outstanding at 3 April 2021	**20.0**

Bank debt interest decreased by £0.4m to £4.6m in the year and amortisation of debt issuance costs were also £0.4m lower. The Revolving Credit Facility (RCF) was undrawn at the year end.

Following the partial redemptions of the FRN during the year, write off of financing fees amounting to £1.3m were incurred in the year. A credit of £1.1m in the year related to a discount unwind associated with properties held by the Group. Other finance income of £4.7m relates to the reversal of the impairment of the interest on the Hovis loan note.

Taxation

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

A tax charge in the year of £16.8m compared to £7.1m in the prior year. The current year reflects a charge of £23.3m on profit before tax at the rate of 19% and a capital gain of £6.6m relating to the disposal of the Hovis investment.

At 3 April 2021, deferred tax assets were £28.4m (28 March 2020: nil) while a deferred tax liability of £85.8m is a decrease of £99.1m compared to the prior year position and reflects a reduction in the combined pensions surplus.

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

Earnings per share

Statutory earnings per share (£m) 53 week basis	**FY20/21**	**FY19/20**	**Change**
Operating profit	152.6	95.3	+57.3
Net finance cost	(29.8)	(41.7)	+11.9
Profit before taxation	**122.8**	**53.6**	**+69.2**
Taxation	(16.8)	(7.1)	(9.7)
Profit after taxation	106.0	46.5	+59.5
Average shares in issue (millions)	851.4	846.6	+4.8
Basic Earnings per share (pence)	**12.5**	**5.5**	**+7.0**

The Group reported a profit before tax of £122.8m in the year, an increase of £69.2m compared to FY19/20. Profit after tax in the year grew by £59.5m from £46.5m to £106.0m. Basic earnings per share in FY20/21 increased by 7.0p to 12.5p.

Adjusted earnings per share (£m) 52 week comparable basis	**FY20/21**	**FY19/20**	**Change (%)**
Trading profit	148.3	132.6	+11.9%
Less: Net regular interest	(33.0)	(39.3)	+15.9%
Adjusted profit before tax	**115.3**	**93.3**	**+23.5%**
Less: Notional tax (19%)	(21.9)	(17.7)	(23.5%)
Adjusted profit after tax[6]	93.4	75.6	+23.5%
Average shares in issue (millions)	851.3	846.6	0.6%
Adjusted earnings per share (pence)	**11.0**	**8.9**	**+22.8%**

Adjusted profit before tax on a 52 week comparable basis increased by 23.5% in the year to £115.3m, reflecting both Trading profit growth in the period and lower net regular interest costs as described above. Adjusted profit after tax also increased, by 23.5%, to £93.4m in the year after deducting a notional 19.0% tax charge of £21.9m. Based on average shares in issue of 851.3 million shares, adjusted earnings per share for the 52 week comparable basis grew +22.8% to 11.0p.

Hovis

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

Dividend

The Company last paid a dividend to shareholders in 2008. Over recent years, the Company has made significant progress in delivering against its branded growth model strategy and so in turn, reducing Net debt to a level that would enable the payment of a dividend under the Group's financing arrangements. In February 2021, the Company completed a capital reduction which will provide greater flexibility in how the Company manages its capital resources going forward. Subject to shareholder approval, the directors have proposed a final dividend of 1.0 pence for the 53 weeks ended 3 April 2021 (2019/20: nil), payable on 30 July 2021 to shareholders on the register at the close of business on 2 July 2021. The shares will go ex-dividend on 1 July 2021. Under the dividend matching agreement with the Company's pension schemes, for up to £5 million paid to shareholders as a dividend, a payment of 50 pence for every £1 paid to shareholders is payable to the pension schemes. For any dividend paid between £5m and £10m, there is no matching payment made to the pensions schemes and for any dividend paid above £10m, the 50 pence: £1 matching arrangement, as described above, recommences.

Free cash flow

£m	**FY20/21**	**FY19/20**
53 week basis		
Statutory cash flow statement		
Cash generated from operating activities	85.6	85.9
Cash generated from (used in) investing activities	13.8	(18.0)
Cash (used in)/generated from financing activities	(276.2)	82.2
Net (decrease)/increase in cash & cash equivalents	**(176.8)**	**150.1**
Cash, cash equivalents and bank overdrafts at beginning of period	177.9	27.8
Cash, cash equivalents and bank overdrafts at end of period	**1.1**	**177.9**

On a statutory basis, cash generated from operations was £118.2m compared to £121.5m in the comparative period. Cash generated from operating activities was £85.6m after deducting net interest paid of £32.6m. Cash generated from investing activities was £13.8m compared to £18.0m used in the prior year. This reflected proceeds received from the Group's Hovis investment, partly offset by the purchase of tangible and intangible assets of £23.6m. Cash used in financing activities was (£276.2m) in the year versus £82.2m cash generated in the prior year; the difference was due to two main actions. Firstly, the Group repaid a drawdown of £85.0m on its committed revolving credit facility in the first quarter of the year. This followed an earlier prudent decision by the Group at the end of the previous financial year to draw this £85.0m sum, reflecting early stage wider uncertainties associated with the COVID-19 pandemic. Secondly, the Group repaid £190.0m part redemptions of its Senior Secured Floating Rate Notes during the year. Cash and cash equivalents of £1.1m at the year end comprised a bank overdraft of £3.1m and cash and bank deposits of £4.2m.

£m	**FY20/21**	**FY19/20**
53 week basis		
Trading profit	151.3	132.6
Depreciation	19.1	19.9
Other non-cash items	3.4	1.7
Interest	(32.6)	(35.6)
Pension contributions	(47.0)	(44.7)
Capital expenditure	(23.6)	(18.0)
Working capital & other	0.6	14.6
Non-trading items	(5.1)	(6.6)
Proceeds from share issue	1.7	1.1
Sale of property, plant & equipment	0.1	0.1
Net proceeds from sale of Hovis investment	30.3	-
Free cash flow[10]	**98.2**	**65.1**

The Group reported an inflow of Free cash in the year of £98.2m compared to £65.1m in the previous year. Trading profit of £151.3m on a 53 week basis was £18.7m ahead of the prior year for the reasons outlined above, while depreciation was slightly lower at £19.1m (FY19/20: £19.9m). Other non-cash items of £3.4m was due primarily to share based payments.

Net interest paid of £32.6m was £3.0m lower than the prior year, due to part redemptions of the Group's Senior Secured Floating Rate Notes during the year which attract a coupon of 5.0% above LIBOR. The Group expects interest paid to continue to reduce in FY21/22 as the full year impact of these part redemptions take effect. Additionally, and as announced today, the Group is planning to issue new Senior Secured Fixed Rate Notes which are expected to replace its existing Fixed Rate Notes which currently attract a 6.25% interest rate.

Total pension contributions in the period were £47.0m (2019/20: £44.7m), due to previously agreed planned increases in deficit contribution payments to the Premier Foods pension scheme. Of this, pension deficit contribution payments were £39.1m and administration costs including pension levy costs were £7.9m.

Capital expenditure in the year was £23.6m, in line with expectations and higher than FY19/20. The Group expects to continue investing at least £25m per annum in capital expenditure as it funds growth projects supporting the Group's innovation strategy and cost release projects to deliver efficiency savings. Both these areas of capital investment offer attractive payback returns and accordingly are a key factor in the Group's assessment of capital allocation.

Following the completion of the sale of the Group's Hovis investment to Endless LLP, as described above, cash proceeds of £37.3m were received on 5 November 2020. This was partly offset by a £7.0m share of proceeds made to the Group's pension schemes.

A working capital inflow of £0.6m compared to an inflow of £14.6m in the prior year. The prior year position was due to unusually low stock holding levels as the Group experienced higher than expected demand from its retail customers in the final three weeks of the financial year due to impacts associated with COVID-19. Non-trading items of £5.1m were paid in the year and comprise the final tranche of advisory costs associated with the Group's strategic review and costs relating to restructuring of both the International and Knighton businesses.

Net debt and sources of finance

£m	Pre-IFRS 16	Post-IFRS 16
Net debt at 28 March 2020	**408.1**	**429.6**
Free cash inflow in period	(98.2)	(98.2)
Movement in debt issuance costs	4.2	4.2
Movement in lease creditor	-	(2.9)
Net debt at 3 April 2021	**314.1**	**332.7**

Net debt at 3 April 2021 was £332.7m, a reduction of £96.9m compared to the prior year while on a pre-IFRS 16 basis, Net debt was £314.1m, £94.0m lower than the comparative period. Free cash inflow in the period was £98.2m and the movement in debt issuance costs was £4.2m. On a pre-IFRS 16 Leases basis, Net debt / EBITDA[3] was 1.9x; while on a reported basis, Net debt / EBITDA[3] was 2.0x.

There were no changes to the Group's committed bank lending facilities in the year. As at 3 April 2021, the Group held net cash and bank deposits of £1.1m. At the start of the financial year the Group held in issue £300m Senior Secured Fixed Rate Notes maturing October 2023 and £210m Senior Secured Floating Rate Notes ("FRN") maturing July 2022. With the Group's strong progress in cash generation and debt reduction during the last two years, it redeemed £190m of the original £210m outstanding FRN during FY20/21 at par.

The Group has today announced the proposed issue of new five year £300m Senior Secured fixed rate notes due 2026, to refinance its £300m existing Senior Secured fixed rate notes, due to mature October 2023. Pricing of the new £300m Senior Secured fixed rate notes is to be confirmed and the notes are expected to be callable after two years.

The Group has also entered into a new revolving credit facility (RCF) with an updated lending group for a period of three years from May 2021 with the option of extending for up to two additional years. This new senior secured RCF is a committed facility of £175m with an interest margin grid broadly in line with the previous RCF. The prevailing coupon on the RCF at the year end was 2.75% plus three month LIBOR, although the facility was undrawn. Undrawn elements of the RCF will continue to attract interest equivalent to 35% of the applicable margin. It is expected that the Group's outstanding £20m Senior Secured Floating Rate Notes due July 2022 will be repaid as part of this refinancing.

Pensions

Pensions agreement overview

Following an extensive strategic review which explored all options available to the Group, on 20 April 2020 the Board announced a landmark agreement with its pension schemes which is transformational for both the Group and its pension scheme members, by significantly improving its long standing pension funding situation. In particular, the Board expects this will provide greater funding certainty for Premier Foods pension schemes members by leveraging the strength of the successful RHM pension scheme investment strategy. Alongside the strong progress the Group has delivered through its branded growth model strategy, this new pensions agreement provides the platform for further value creation for all stakeholders. The Group agreed and signed legal documentation with the scheme trustees for the merger, which was implemented as planned on 30 June 2020. A winding up lump sum (WULS) exercise was completed in February 2021. Following the segregated merger, the Group chose to effect a winding up of the Premier Foods Pension Scheme Trustees Limited and the Premier Grocery Products Pension Schemes Trustee Limited which will be completed in 2021. A winding up lump sum (WULS) exercise was completed in February 2021.

IAS 19 results and commentary

IAS 19 Accounting Valuation (£m)	**3 April 2021**			**28 March 2020**		
	RHM	Premier Foods	Combined	RHM	Premier Foods	Combined
Assets	4,459.4	792.5	5,251.9	4,745.3	774.7	5,520.0
Liabilities	(3,536.9)	(1,175.1)	(4,712.0)	(3,240.0)	(1,049.6)	(4,289.6)
Surplus/(Deficit)	**922.5**	**(382.6)**	**539.9**	**1,505.3**	**(274.9)**	**1,230.4**
Net of deferred tax (19.0%)	747.2	(309.9)	437.3	1,219.3	(222.7)	996.6

The IAS 19 pension schemes valuation reported a surplus for the combined RHM and Premier Foods' pension schemes at 3 April 2021 of £539.9m, £690.5m lower than 28 March 2020. Net of deferred tax, the combined surplus at 3 April 2021 was £437.3m. A deferred tax rate of 19.0% 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.

Assets in the combined schemes at 3 April 2021 were £268.1m lower at £5,251.9m. RHM scheme assets decreased by £285.9m to £4,459.4m while the Premier Foods' schemes assets increased by £17.8m to £792.5m. The reduction in the RHM scheme assets was largely due to a drop in the value of government bonds held by the schemes. At the previous year end, UK 30 year Government gilts were at c.0.6%, however during the year, UK government Gilt yields increased. The pension schemes use hedges to reduce the impact of movements in Gilts on the actuarial valuation, so when gilt yields rise, the asset values of these hedges fall.

Liabilities in the combined schemes increased by £422.4m to £4,712.0m as at 3 April 2021 compared to 28 March 2020. The RHM scheme liabilities increased by £296.9m to £3,536.9m in the year and the Premier Foods scheme liabilities increased by £125.5m to £1,175.1m The main driver of the movement in liabilities was due to a decrease in the discount rate used at 28 March 2020 of 2.5%.

Combined pensions schemes (£m)	3 April 2021	28 March 2020
Assets		
Equities	14.9	11.5
Government bonds	1,625.4	1,802.6
Corporate bonds	1.0	25.3
Property	467.9	445.2
Absolute return products	1,112.1	1,198.2
Cash	79.8	32.4
Infrastructure funds	321.5	309.8
Swaps	485.4	487.1
Private equity	240.6	510.1
LDI	191.2	268.3
Other	712.1	429.5
Total Assets	5,251.9	5,520.0
Liabilities		
Discount rate	2.00%	2.50%
Inflation rate (RPI/CPI)	3.25%/2.80%	2.65%/1.65%

The net present value of future deficit payments, to the end of the respective recovery periods remains at c.£300-320m.

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Appendices

The Company's preliminary results are presented for the 53 weeks ended 3 April 2021 and the comparative period, 52 weeks ended 28 March 2020. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 27 March 2021 and the comparative period, 13 weeks ended 28 March 20209.

To aid comparability of results, headline results are provided on a 52 week basis and reconciliations provided to a 53 week basis.

Headline group results for 53 weeks ended 3 April 2021

£m	FY20/21 53 week basis	Exclude: 53 week	FY20/21 52 week basis	FY19/20	FY20/21 vs FY19/20 (52 week % change)
Revenue					
Grocery	702.6	(9.2)	693.4	611.6	+13.4%
- Branded	609.3	(7.6)	601.7	514.7	+16.9%
- Non-branded	93.3	(1.6)	91.7	96.9	(5.3%)
Sweet Treats	244.4	(3.6)	240.8	235.5	+2.2%
- Branded	203.2	(3.3)	199.9	190.9	+4.7%
- Non-branded	41.2	(0.3)	40.9	44.6	(8.4%)
Group	947.0	(12.8)	934.2	847.1	+10.3%
- Branded	812.5	(10.9)	801.6	705.6	+13.6%
- Non-branded	134.5	(1.9)	132.6	141.5	(6.3%)
Divisional contribution					
Grocery	174.7	(2.2)	172.5	148.2	+16.4%
Sweet Treats	23.2	(0.8)	22.4	23.7	(5.5%)
Total	197.9	(3.0)	194.9	171.9	+13.4%
Trading profit	151.3	(3.0)	148.3	132.6	+11.9%
EBITDA[3]	170.4	(3.3)	167.1	152.5	+9.6%
EBITDA[3] (excl IFRS 16)	168.2	(3.3)	164.9	149.9	+10.0%
Net regular interest	(33.4)	0.4	(33.0)	(39.3)	+15.9%
Adjusted profit before tax	117.9	(2.6)	115.3	93.3	+23.5%
Adjusted eps	11.2	(0.2)	11.0	8.9	+22.8%
Net debt	332.7	N/A	N/A	429.6	+22.6%
Net debt (excl IFRS 16)	314.1	N/A	N/A	408.1	+23.1%
Net debt/EBITDA[3]	2.0x	N/A	N/A	2.8x	N/A
Net debt/EBITDA[3] (excl IFRS 16)	1.9x	N/A	N/A	2.7x	N/A

Quarter 4 Sales – 52 week comparable basis

Q4 Sales (£m)	Grocery	Sweet Treats	Group
Branded	152.1	50.7	202.8
Non-branded	20.3	3.8	24.1
Total	**172.4**	**54.5**	**226.9**
% change			
Branded	+6.8%	+7.7%	+7.0%
Non-branded	(15.3%)	(18.4%)	(15.8%)
Total	**+3.6%**	**+5.4%**	**+4.0%**

Notes and definitions of non-GAAP measures

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

1. The Group uses Trading profit to review overall Group profitability. Trading profit is defined as profit/(loss) before tax before net finance costs, amortisation of intangible assets, reversal of impairment loss on financial assets, profit on disposal of investment in associate, 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 and net interest on pensions and administration expenses (defined as the net interest on the pension scheme assets and liabilities, the administrative costs of running the schemes and settlement costs or credits related to the pensions schemes).
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business unit.
3. EBITDA means EBITDA on an adjusted basis and is Trading profit as defined in (1) above excluding depreciation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, other interest payable and other finance income.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2019/20: 19.0%).
7. Adjusted earnings per share is Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 851.4 million (52 weeks ended 28 March 2020: 846.6 million). On a 52 week basis for the 52 weeks to 27 March 2021, weighted average number of shares was 851.3 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.
9. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
10. Free cash flow is defined as the change in Net debt as defined in (9) above before the movement in debt issuance costs.
11. Net debt on a pre-IFRS 16 basis, which excludes lease liabilities.
12. Assumptions on future deficit contributions subject to: (i) Investment returns of RHM scheme; (ii) no change to deficit recovery period length. Also subject to future actuarial valuations and associated negotiations.
13. EBITDA on a rolling 12 month basis
14. Historical Net debt/EBITDA leverage since public listing in July 2004.

Additional notes:

- The Directors believe that users of the financial statements are most interested in underlying trading performance and cash generation of the Group. As such intangible asset amortisation and impairment are excluded from Trading profit because they are non-cash items.
- Restructuring costs have been excluded from Trading profit because they are incremental costs incurred as part of specific initiatives that may distort a user's view of underlying trading performance.
- Net regular interest is used to present the interest charge related to the Group's ongoing financial indebtedness, and therefore excludes non-cash items and other credits/charges which are included in the Group's net finance cost.
- Group & corporate costs refer to group and corporate expenses which are not directly attributable to a business unit and are reported at total Group level.
- In line with accounting standards, the International business unit, the results of which are aggregated within the Grocery business unit, are not required to be separately disclosed for reporting purposes.
- Net debt is presented pre-IFRS 16 as targets the Group have previously communicated are on a pre-IFRS 16 basis and this allows for comparability to these targets.

Consolidated statement of profit or loss

	Note	**53 weeks ended 3 April 2021 £m**	52 weeks ended 28 Mar 2020 £m
Revenue	3	**947.0**	847.1
Cost of sales		**(611.7)**	(549.6)
Gross profit		**335.3**	297.5
Selling, marketing and distribution costs		**(137.4)**	(125.6)
Administrative costs		**(77.9)**	(76.6)
Reversal of impairment losses on financial assets		**15.7**	-
Profit on disposal of investment in associate		**16.9**	-
Operating profit	3	**152.6**	95.3
Finance cost	4	**(36.2)**	(44.1)
Finance income	4	**6.4**	2.4
Profit before taxation		**122.8**	53.6
Taxation charge	5	**(16.8)**	(7.1)
Profit for the period attributable to owners of the parent		**106.0**	46.5
Basic earnings per share			
From profit for the period (pence)	6	**12.5**	5.5
Diluted earnings per share			
From profit for the period (pence)	6	**12.2**	5.4
Adjusted earnings per share[1]			
From adjusted profit for the period (pence)	6	**11.2**	8.9

[1] Adjusted earnings per share is defined as trading profit less net regular interest, less a notional tax charge at 19.0% (2019/20: 19.0%) divided by the weighted average number of ordinary shares of the Company.

Consolidated statement of comprehensive income

	Note	**53 weeks ended 3 April 2021 £m**	52 weeks ended 28 Mar 2020 £m
Profit for the period		**106.0**	46.5
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	9	**(750.3)**	816.7
Deferred tax credit / (charge)	5	**132.9**	(167.0)
Current tax credit	5	**9.2**	5.2
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation		**(1.0)**	0.3
Other comprehensive income, net of tax		**(609.2)**	655.2
Total comprehensive income attributable to owners of the parent		**(503.2)**	701.7

Consolidated balance sheet

	Note	**As at 3 Apr 2021 £m**	As at 28 Mar 2020 £m
ASSETS:			
Non-current assets			
Property, plant and equipment	7	**192.1**	194.0
Goodwill		**646.0**	646.0
Other intangible assets	8	**317.2**	341.3
Deferred tax assets	5	**28.4**	-
Net retirement benefit assets	9	**934.7**	1,512.6
		2,118.4	2,693.9
Current assets			
Stocks		**68.8**	68.0
Trade and other receivables		**83.4**	89.1
Cash and cash equivalents	10	**4.2**	177.9
Derivative financial instruments		**0.1**	0.9
		156.5	335.9
Total assets		**2,274.9**	3,029.8
LIABILITIES:			
Current liabilities			
Trade and other payables		**(249.8)**	(249.7)
Financial liabilities			
– short term borrowings	11	**(3.1)**	(85.0)
– derivative financial instruments		**(2.3)**	(0.8)
Lease liabilities	11	**(2.3)**	(2.5)
Provisions for liabilities and charges	12	**(6.2)**	(6.4)
		(263.7)	(344.4)
Non-current liabilities			
Long term borrowings	11	**(315.2)**	(501.0)
Lease liabilities	11	**(16.3)**	(19.0)
Net retirement benefit obligations	9	**(394.8)**	(282.2)
Provisions for liabilities and charges	12	**(8.4)**	(9.6)
Deferred tax liabilities	5	**(85.8)**	(184.9)
Other liabilities	13	**(7.1)**	(8.7)
		(827.6)	(1,005.4)
Total liabilities		**(1,091.3)**	(1,349.8)
Net assets		**1,183.6**	1,680.0
EQUITY:			
Capital and reserves			
Share capital		**85.5**	84.8
Share premium		**0.6**	1,409.4
Merger reserve		**351.7**	351.7
Other reserves		**(9.3)**	(9.3)
Profit and loss reserve		**755.1**	(156.6)
Total equity		**1,183.6**	1,680.0

Consolidated statement of cash flows

	Note	**53 weeks ended 3 Apr 2021 £m**	52 weeks ended 28 Mar 2020 £m
Cash generated from operations	10	**118.2**	121.5
Interest paid		**(34.1)**	(38.0)
Interest received		**1.5**	2.4
Cash generated from operating activities		**85.6**	85.9
Proceeds from repayment of loan notes to associate		**15.7**	-
Net proceeds from sale of investment in associate		**16.9**	-
Interest received on loan notes to associate		**4.7**	-
Purchases of property, plant and equipment		**(18.0)**	(12.8)
Purchases of intangible assets		**(5.6)**	(5.3)
Sale of property, plant and equipment		**0.1**	0.1
Cash generated from / (used in) investing activities		**13.8**	(18.0)
Repayment of borrowings		**(275.0)**	-
Proceeds from borrowings		**-**	85.0
Payment of lease liabilities		**(2.7)**	(3.9)
Purchase of shares to satisfy share awards		**(0.2)**	-
Proceeds from share issue		**1.7**	1.1
Cash (used in) / generated from financing activities		**(276.2)**	82.2
Net (decrease) / increase in cash and cash equivalents		**(176.8)**	150.1
Cash, cash equivalents and bank overdrafts at beginning of period		**177.9**	27.8
Cash and cash equivalents at end of period[1]	10	**1.1**	177.9

[1]Cash and cash equivalents of £1.1m includes bank overdraft of £3.1m and cash and bank deposits of £4.2m. See note 10 for more details

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Profit and loss reserve £m	Total equity £m
At 31 March 2019		84.5	1,408.6	351.7	(9.3)	(872.7)	962.8
Implementation of IFRS 16 (net of tax)		-	-	-	-	12.7	12.7
Profit for the period		-	-	-	-	46.5	46.5
Remeasurements of defined benefit schemes	9	-	-	-	-	816.7	816.7
Deferred tax charge	5	-	-	-	-	(167.0)	(167.0)
Current tax credit	5					5.2	5.2
Exchange differences on translation		-	-	-	-	0.3	0.3
Other comprehensive income		-	-	-	-	655.2	655.2
Total comprehensive income		-	-	-	-	701.7	701.7
Shares issued		0.3	0.8	-	-	-	1.1
Share-based payments		-	-	-	-	1.3	1.3
Deferred tax movements on share-based payments	5	-	-	-	-	0.5	0.5
Other deferred tax movements	5	-	-	-	-	(0.1)	(0.1)
At 28 March 2020		84.8	1,409.4	351.7	(9.3)	(156.6)	1,680.0
At 29 March 2020		**84.8**	**1,409.4**	**351.7**	**(9.3)**	**(156.6)**	**1,680.0**
Profit for the period		**-**	**-**	**-**	**-**	**106.0**	**106.0**
Remeasurements of defined benefit schemes	9	**-**	**-**	**-**	**-**	**(750.3)**	**(750.3)**
Deferred tax credit	5	**-**	**-**	**-**	**-**	**132.9**	**132.9**
Current tax credit	5					**9.2**	**9.2**
Exchange differences on translation		**-**	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Other comprehensive income		-	-	-	-	**(609.2)**	**(609.2)**
Total comprehensive income		**-**	**-**	**-**	**-**	**(503.2)**	**(503.2)**
Shares issued		**0.7**	**1.0**	**-**	**-**	**-**	**1.7**
Capital reduction[1]			**(1,409.8)**			**1,409.8**	**-**
Share-based payments		**-**	**-**	**-**	**-**	**3.1**	**3.1**
Purchase of shares to satisfy share awards		**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Deferred tax movements on share-based payments	5	**-**	**-**	**-**	**-**	**2.2**	**2.2**
At 3 April 2021		**85.5**	**0.6**	**351.7**	**(9.3)**	**755.1**	**1,183.6**

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

1. General information

The financial information included in this preliminary announcement does not constitute the Company's statutory accounts for the 53 weeks ended 03 April 2021 and for the 52 weeks ended 28 March 2020, but is derived from those accounts. Statutory accounts for the 52 weeks ended 28 March 2020 have been delivered to the registrar of companies, and those for 53 weeks ended 03 April 2021 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 15. 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 26 September 2020 and 03 April 2021.

Having undertaken a robust assessment of the Group's forecasts with specific consideration to the trading performance of the Group, cashflows and covenant compliance in the context of the current COVID-19 pandemic, 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 and Company therefore continues to adopt the going concern basis in preparing its financial information for the reasons set out below:

At 03 April 2021, the Group had total assets less current liabilities of £2,011.2m and net assets of £1,183.6m. Liquidity as at that date was £177m, made up of cash and cash equivalents, and undrawn committed credit facilities of £173m expiring in December 2022. At the time of the approval of these financial statements, the cash and liquidity position of the group has not changed significantly. The revolving credit facility was refinanced in May 2021, the new facility is for £175m and expires in May 2024 with the option of extending for up to two additional years. Further details of the refinancing are included in note 15.

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

The Directors have rigorously reviewed the situation relating to COVID-19 and have modelled a series of 'downside case' scenarios impacting future financial performance, cash flows and covenant compliance, that cover a period of at least 12 months from the date of approval of the financial statements. These downside cases represent severe but plausible scenarios and include assumptions relating to estimation of the impact of the closure of all manufacturing sites due to colleague absence as opposed to Government imposed guidelines. The Directors believe that the risk of enforced site closures is low and have implemented additional health and safety measures in all factories to minimise the risk of a major supply disruption, to date there have been no manufacturing site closures. The Directors have also considered upcoming UK regulations impacting the food industry and consumer preferences that may have an adverse impact on the demand for certain product groups.

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

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

2. Significant accounting policies, estimates and judgements

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

Significant accounting policies

The following are considered to be the significant accounting policies within the financial statements:

2.1 Deferred tax

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

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

For the purpose of recognising deferred tax on the pension scheme surplus, withholding tax (at 35%) would apply for any surplus being refunded to the Group at the end of the life of the scheme. Corporation tax (at 19%) would apply for any surplus expected to unwind over the life of the scheme.

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

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

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

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

Further disclosures are contained within note 5.

Estimates

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

2.2 Employee benefits

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

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

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

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

2.3 Goodwill

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

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

2.4 Commercial arrangements

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

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

A material adjustment is not expected in the 12 months of the estimate.

Judgements

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

2.5 Non-trading items

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

3. Segmental analysis

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

The Group's operating segments are defined as "Grocery", "Sweet Treats", and "International". During the year, following the announcement at the end of FY2020 to re-integrate Knighton Foods ("Knighton") subsidiary into the rest of the Group, Knighton ceases to be an operating segment. The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells sweet ambient food products. The International and Knighton segments have been aggregated within the Grocery segment for reporting purposes as revenue is below 10 percent of the Group's total revenue and the segments are considered to have similar characteristics to that of Grocery. This is in accordance with the criteria set out in IFRS 8.

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

The Group uses trading profit to review overall Group profitability. Trading profit is defined as profit/loss before tax before net finance costs, amortisation of intangible assets, non-trading items, fair value movements on foreign exchange and other derivative contracts and net interest on pensions and administrative expenses.

The segment results for the period ended 3 April 2021 and for the period ended 28 March 2020 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements are as follows:

	53 weeks ended 3 April 2021			52 weeks ended 28 March 2020		
	Grocery	**Sweet Treats**	**Total**	Grocery	Sweet Treats	Total
	£m	**£m**	**£m**	£m	£m	£m
Revenue	**702.6**	**244.4**	**947.0**	611.6	235.5	847.1
Divisional contribution	**174.7**	**23.2**	**197.9**	148.2	23.7	171.9
Group and corporate costs			**(46.6)**			(39.3)
Trading profit			**151.3**			132.6
Amortisation of intangible assets			**(30.4)**			(29.4)
Fair value movements on foreign exchange and other derivative contracts			**(2.3)**			1.7
Reversal of impairment losses on financial assets[1]			**15.7**			-
Profit on disposal of investment in associate[1]			**16.9**			-
Net interest on pensions and administrative expenses and past service costs			**9.7**			(4.6)
Non-trading items:[2]						
- GMP equalisation charge			**(2.9)**			-
- Restructuring costs			**(4.9)**			(4.1)
- Other non-trading items			**(0.5)**			(0.9)
Operating profit			**152.6**			95.3
Finance cost			**(36.2)**			(44.1)
Finance income[1]			**6.4**			2.4
Profit before taxation			**122.8**			53.6
Depreciation[3]	**(11.5)**	**(7.6)**	**(19.1)**	(11.1)	(8.8)	(19.9)

[1]In April 2014, the Group entered into a partnership with The Gores Group LLC in respect of Hovis Holdings Limited ("Hovis"). This partnership, of which the Group held a 49% equity interest, was subsequently written off in FY 2015/16. On 5 November 2020, the Group completed the sale of its interest in Hovis to Endless LLP. As part of the sale, the group has received a total consideration of £37.3m, of which £16.9m was in respect of equity and £20.4m reflected the settlement of the outstanding loan to associate including interest of £4.7m
[2]Non-trading items include restructuring costs of £4.9m (2019/20: £4.1m) relating primarily to costs associated with the Strategic review and integration of the Knighton business. For further detail of GMP equalisation please refer to note 9.
[3]Depreciation in the period ended 03 April 2021 includes £2.2m (2019/20: £2.6m) of depreciation of IFRS 16 right of use assets.

Revenues in the period ended 3 April 2021, from the Group's four principal customers, which individually represent over 10% of total Group revenue, are £240.2m, £138.8m, £112.0m and £98.5m (2019/20: £190.6m, £125.9m, £95.2m and £84.8m). These revenues relate to both the Grocery and Sweet Treats reportable segments.

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

Revenue

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
United Kingdom	**892.9**	803.8
Other Europe	**28.5**	22.0
Rest of world	**25.6**	21.3
Total	**947.0**	847.1

Non-current assets

	As at 3 Apr 2021 £m	As at 28 Mar 2020 £m
United Kingdom	**1,155.3**	1,181.3

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

4. Finance income and costs

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Interest payable on bank loans and overdrafts	**(5.7)**	(7.2)
Interest payable on senior secured notes	**(25.9)**	(31.0)
Interest payable on revolving facility	**(0.6)**	(0.2)
Other interest receivable / (payable) [1]	**0.2**	(2.4)
Amortisation of debt issuance costs	**(2.9)**	(3.3)
	(34.9)	(44.1)
Write off of financing costs[2]	**(1.3)**	-
Total finance cost	**(36.2)**	(44.1)
Interest receivable on bank deposits	**1.7**	2.4
Other finance income[3]	**4.7**	-
Total finance income	**6.4**	2.4
Net finance cost	**(29.8)**	(41.7)

[1]Included in other interest receivable/(payable) is £0.9m charge (2019/20: £1.1m) relating to non-cash interest costs arising following the adoption of IFRS 16 and £1.1m credit (2019/20: £1.3m charge) relating to the unwind of the discount on certain of the Group's long term provisions
[2] Relates to write off of the financing costs for the £190m floating rate note redeemed during the 53 weeks ended 3 April 2021

[3] Other finance income of £4.7m (2019/20: £nil) relates to the reversal of the impairment of the interest on the Hovis loan note settled as part of the sale consideration. For further detail please refer to note 3

5. Taxation

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Current tax		
- Current period	**(9.2)**	(5.2)
Deferred tax		
- Current period	**(9.2)**	(6.3)
- Prior periods	**1.6**	(0.5)
- Changes in tax rate	**-**	4.9
Income tax charge	**(16.8)**	(7.1)

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

Tax relating to items recorded in other comprehensive income included:

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Corporation tax credit on pension movements	**9.2**	5.2
Deferred tax charge on reduction of corporate tax rate	**-**	(6.4)
Deferred tax credit/(charge) on pension movements	**132.9**	(160.6)
	142.1	(161.8)

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 19.0% (2019/20: 19.0%). The reasons for this are explained below:

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Profit before taxation	**122.8**	53.6
Tax charge at the domestic income tax rate of 19.0% (2019/20: 19.0%)	**(23.3)**	(10.2)
Tax effect of:		
Non-deductible items	**(1.4)**	(0.6)
Other disallowable items	**(0.3)**	(0.4)
Capital gain on disposal of business	**6.6**	-
Overseas losses not recognised	**-**	(0.3)
Changes in tax rate	**-**	4.9
Adjustments to prior periods	**1.6**	(0.5)
Income tax charge	**(16.8)**	(7.1)

The movements in losses recognised for the 53 weeks ended 3 April 2021 is £nil (2019/20: £nil). Corporation tax losses are not recognised where future recoverability is uncertain.

The adjustments to prior periods of £1.6m (2019/20: £(0.5)m) relates mainly to the adjustment of prior period losses and capital allowances following verifications in submitted returns.

Deferred tax

Deferred tax is calculated in full on temporary differences using the tax rate appropriate to the jurisdiction in which the asset/(liability) arises and the tax rates that are expected to apply in the periods in which the asset or liability is settled. In all cases this is 19.0% (2019/20: 19.0%).

	2020/21 £m	2019/20 £m
At 03 April 2021 / 29 March 2020	**(184.9)**	(13.5)
Implementation of IFRS 16	**-**	(2.9)
Adjusted balance at 03 April 2021 / 29 March 2020	**(184.9)**	(16.4)
Charged to the statement of profit or loss	**(7.6)**	(1.9)
Charged/(credited) to other comprehensive income	**132.9**	(167.0)
Credited to equity	**2.2**	0.4
At 03 April 2021 / 29 March 2020	**(57.4)**	(184.9)

The Group has not recognised £1.7m of deferred tax assets (2019/20: £1.9m not recognised) relating to UK corporation tax losses. In addition, the Group has not recognised a tax asset of £83.9m (2019/20: £83.9m) relating to Advanced Corporation Tax (ACT) and £58.1m (2019/20: £56.5m) relating to capital losses. Under current legislation these can generally be carried forward indefinitely.

In the Spring Budget of 2021, it was proposed that the corporation tax rate starting April 2023 will increase from the current 19% to 25%. The tax rate increase will be followed by legislation in the 2021 Finance Bill. Since the change in tax rate is yet to be substantively enacted by law, the current tax rate of 19% is used to calculate deferred tax above. The increase in tax rate is expected to increase the deferred tax asset by £8.4m and deferred tax liability by £28.2m giving a net P&L charge of £19.8m.

Deferred tax liabilities	Intangibles	Retirement benefit obligation	IFRS 16	Other	Total
	£m	£m	£m	£m	£m
At 31 March 2019	(47.6)	(62.5)	-	(1.0)	(111.1)
- implementation of IFRS 16	-	-	(2.9)	-	(2.9)
Adjusted balance at 31 March 2019	(47.6)	(62.5)	(2.9)	(1.0)	(114.0)
Prior period (charge)/credit					
- To statement of profit or loss	(5.6)	0.6	-	1.0	(4.0)
- To other comprehensive income	-	(8.0)	-	-	(8.0)
Current period credit/(charge)	1.2	(2.3)	-	-	(1.1)
Charged to other comprehensive income	-	(160.6)	-	-	(160.6)
Prior period credit					
- To other comprehensive income	-	0.1	-	-	0.1
At 28 March 2020	**(52.0)**	**(232.7)**	**(2.9)**	**-**	**(287.6)**
At 29 March 2020	**(52.0)**	**(232.7)**	**(2.9)**	**-**	**(287.6)**
Current period credit/(charge)	**1.9**	**(2.1)**	-	-	**(0.2)**
Reclassified from deferred tax assets	-	-	-	**(1.0)**	**(1.0)**
Credited to other comprehensive income	-	**132.9**	-	-	**132.9**
At 3 April 2021	**(50.1)**	**(101.9)**	**(2.9)**	**(1.0)**	**(155.9)**

Deferred tax assets	Accelerated tax depreciation	Share based payments	Losses	Other	Total
	£m	£m	£m	£m	£m
At 31 March 2019	52.7	0.9	41.0	3.0	97.6
Prior period credit/(charge)					
- To statement of profit or loss	6.2	0.2	3.2	(0.7)	8.9
- To other comprehensive income	-	-	1.6	-	1.6
- To equity	-	-	-	(0.1)	(0.1)
Current period (charge)/credit	(2.2)	(0.2)	(0.9)	(1.9)	(5.2)
Credited to equity	-	0.7	-	-	0.7
Charge to other comprehensive income	-	-	-	(0.1)	(0.1)
Prior period (charge)/credit:					
- To statement of profit or loss	-	(1.3)	1.0	(0.2)	(0.5)
- To equity	-	(0.2)	-	-	(0.2)
At 28 March 2020	**56.7**	**0.1**	**45.9**	**-**	**102.7**
At 29 March 2020	**56.7**	**0.1**	**45.9**	**-**	**102.7**
Current period (charge)/credit	**(8.6)**	**0.4**	**(0.9)**	**0.1**	**(9.0)**
Reclassified to deferred tax liabilities	**-**	**-**	**-**	**1.0**	**1.0**
Credited to equity	-	**2.2**	-	-	**2.2**
Prior period credit:					
- To statement of profit or loss	**1.4**	**-**	**-**	**0.2**	**1.6**
At 3 April 2021	**49.5**	**2.7**	**45.0**	**1.3**	**98.5**

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

Net deferred tax liability	£m
As at 3 April 2021	**(85.8)**
As at 28 March 2020	(184.9)

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 £18.7m and accelerated tax depreciation of £9.7m. 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 £106.0m (2019/20: £46.5m profit) by the weighted average number of ordinary shares of the Company.

	2020/21 Number (m)	2019/20 Number (m)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**851.4**	846.6
Effect of dilutive potential ordinary shares:		
- Share options	**17.1**	7.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**868.5**	854.5

Earnings per share calculation

	53 weeks ended 3 April 2021			52 weeks ended 28 March 2020		
	Basic	**Dilutive effect of share options**	**Diluted**	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	**106.0**		**106.0**	46.5		46.5
Weighted average number of shares (m)	**851.4**	**17.1**	**868.5**	846.6	7.9	854.5
Earnings per share (pence)	**12.5**	**(0.3)**	**12.2**	5.5	(0.1)	5.4

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 19.0% (2019/20: 19.0%) divided by the weighted average number of ordinary shares of the Company.

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

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

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Trading profit	**151.3**	132.6
Less net regular interest	**(33.4)**	(39.3)
Adjusted profit before tax	**117.9**	93.3
Notional tax at 19.0% (2019/20: 19%)	**(22.4)**	(17.7)
Adjusted profit after tax	**95.5**	75.6
Average shares in issue (m)	**851.4**	846.6
Adjusted EPS (pence)	**11.2**	8.9
Dilutive effect of share options	**(0.2)**	**(0.1)**
Diluted adjusted EPS (pence)	**11.0**	8.8
Net regular interest		
Net finance cost	**(29.8)**	(41.7)
Exclude other finance income	**(4.7)**	**-**
Exclude write-off of financing costs	**1.3**	**-**
Exclude other interest receivable / payable	**(0.2)**	2.4
Net regular interest	**(33.4)**	(39.3)

7. Property, plant and equipment

	Land and buildings £m	Vehicles, plant and equipment £m	Assets under construction £m	Right of use Assets £m	Total £m
Cost					
At 30 March 2019	104.9	309.7	10.5	-	425.1
Adjustment on transition to IFRS 16	-	-	-	14.0	14.0
Additions	0.1	7.5	5.9	0.6	14.1
Disposals	(0.6)	(3.7)	-	(0.4)	(4.7)
Reclassification of cost	(2.4)	2.4	-	-	-
Transferred into use	-	7.1	(7.1)	-	-
At 28 March 2020	102.0	323.0	9.3	14.2	448.5
Balance at 29 March 2020	**102.0**	**323.0**	**9.3**	**14.2**	**448.5**
Additions	**0.3**	**7.2**	**11.3**	**1.0**	**19.8**
Disposals	**(2.2)**	**(1.5)**	**-**	**(0.9)**	**(4.6)**
Remeasurement	**-**	**-**	**-**	**(1.4)**	**(1.4)**
Reclassified to intangibles	**-**	**0.1**	**(0.5)**	**-**	**(0.4)**
Transferred into use	**0.2**	**5.6**	**(5.8)**	**-**	**-**
At 3 April 2021	**100.3**	**334.4**	**14.3**	**12.9**	**461.9**
Aggregate depreciation and impairment					
At 30 March 2019	(43.8)	(195.3)	-	-	(239.1)
Depreciation charge	(2.1)	(15.2)	-	(2.6)	(19.9)
Disposals	0.5	3.4	-	0.4	4.3
Reclassification of depreciation	1.0	(0.6)	-	-	0.4
Impairment charge	-	-	-	(0.2)	(0.2)
At 28 March 2020	**(44.4)**	**(207.7)**	**-**	**(2.4)**	**(254.5)**
Depreciation charge	**(2.1)**	**(14.8)**	**-**	**(2.2)**	**(19.1)**
Disposals	**2.1**	**1.2**	**-**	**0.8**	**4.1**
Impairment charge	**-**	**(0.2)**	**-**	**(0.1)**	**(0.3)**
At 3 April 2021	**(44.4)**	**(221.5)**	**0.0**	**(3.9)**	**(269.8)**
Net book value					
At 28 March 2020	57.6	115.3	9.3	11.8	194.0
At 3 April 2021	**55.9**	**112.9**	**14.3**	**9.0**	**192.1**

Included in the right of use assets are the following:

	Land and buildings £m	Vehicles, plant and equipment £m	Total £m
Cost			
At 30 March 2019	-	-	-
Adjustment on transition to IFRS 16	10.1	3.9	14.0
Additions	0.3	0.3	0.6
Disposals	(0.1)	(0.3)	(0.4)
At 28 March 2020	**10.3**	**3.9**	**14.2**
Balance at 29 March 2020	**10.3**	**3.9**	**14.2**
Additions	**0.5**	**0.5**	**1.0**
Disposals	**(0.1)**	**(0.8)**	**(0.9)**
Remeasurement	**(1.4)**	**-**	**(1.4)**
At 3 April 2021	**9.3**	**3.6**	**12.9**
Aggregate depreciation and impairment			
At 30 March 2019	-	-	-
Depreciation charge	(1.2)	(1.4)	(2.6)
Disposals	0.1	0.3	0.4
Impairment charge	(0.2)	-	(0.2)
At 28 March 2020	**(1.3)**	**(1.1)**	**(2.4)**
Depreciation charge	**(1.2)**	**(1.0)**	**(2.2)**
Disposals	**0.1**	**0.7**	**0.8**
Impairment charge	**(0.1)**	-	**(0.1)**
At 3 April 2021	**(2.5)**	**(1.4)**	**(3.9)**
Net book value			
At 28 March 2020	9.0	2.8	11.8
At 3 April 2021	**6.8**	**2.2**	**9.0**

The Group’s borrowings are secured on the assets of the Group including property, plant and equipment.

8. Other intangible assets

	Software	Brands/ trademarks/ licences	Customer relationships	Assets under construction	Total
	£m	£m	£m	£m	£m
Cost					
At 30 March 2019	141.0	693.2	134.8	1.9	970.9
Additions	1.6	-	-	3.1	4.7
Disposals	(0.2)	-	-	-	(0.2)
Transferred into use	1.7	-	-	(1.7)	-
At 28 March 2020	**144.1**	**693.2**	**134.8**	**3.3**	**975.4**
Additions	**2.9**	**-**	**-**	**3.1**	**6.0**
Disposals	**(0.5)**	**-**	**-**	**-**	**(0.5)**
Reclassified from property, plant & equipment	**(0.1)**	**-**	**-**	**0.5**	**0.4**
Transferred into use	**2.9**	**-**	**-**	**(2.9)**	**-**
At 3 April 2021	**149.3**	**693.2**	**134.8**	**4.0**	**981.3**
Accumulated amortisation and impairment					
At 30 March 2019	(120.0)	(349.7)	(134.8)	-	(604.5)
Disposals	0.2	-	-	-	0.2
Amortisation charge	(8.6)	(20.8)	-	-	(29.4)
Reclassification of amortisation	(0.4)	-	-	-	(0.4)
At 28 March 2020	**(128.8)**	**(370.5)**	**(134.8)**	**-**	**(634.1)**
Disposals	**0.5**	**-**	**-**	**-**	**0.5**
Amortisation charge	**(6.7)**	**(23.7)**	**-**	**-**	**(30.4)**
Impairment charge	**(0.1)**	**-**	**-**	**-**	**(0.1)**
At 3 April 2021	**(135.1)**	**(394.2)**	**(134.8)**	**-**	**(664.1)**
Net book value					
At 28 March 2020	15.3	322.7	-	3.3	341.3
At 3 April 2021	**14.2**	**299.0**	**-**	**4.0**	**317.2**

All amortisation is recognised within administrative costs.

Included in the assets under construction additions for the period are £1.1m (2019/20: £1.1m) in respect of internal costs.

The Group's borrowings are secured on the assets of the Group including other intangible assets.
The material brands held on the balance sheet are as follows:

	Carrying value at 3 April 2021	Estimated useful life remaining
	£m	Years
Bisto	95.5	16
Oxo	69.9	25
Batchelors	49.8	16
Mr Kipling	37.1	16
Sharwoods	20.8	16

9. Retirement benefit schemes

Defined benefit schemes

The Group operates a number of defined benefit schemes under which current and former employees have built up an entitlement to pension benefits on their retirement. These are as follows:

(a) The Premier schemes, which comprise:

Premier Foods Pension Scheme (“PFPS”) (transfer of assets and liabilities to the Premier Foods Section of the RHM Pension Scheme completed 26 February 2021)
Premier Grocery Products Pension Scheme (“PGPPS”) (transfer of assets and liabilities to the Premier Grocery Products Section of the RHM Pension Scheme completed 29 January 2021)
Premier Grocery Products Ireland Pension Scheme (“PGPIPS”)
Chivers 1987 Pension Scheme
Chivers 1987 Supplementary Pension Scheme
Hillsdown Holdings Limited Pension Scheme

(b) The RHM schemes, which comprise:

RHM Pension Scheme
Premier Foods Ireland Pension Scheme

With effect from 30th June 2020, the Premier Foods Pension Scheme (PFPS) and Premier Grocery Products Pension Scheme (PGPPS) were merged on a segregated basis with the RHM Pension Scheme. The transfer of assets and liabilities to new sections of the RHM Pension Scheme for both the PFPS and PGPPS has been completed. The RHM Pension Scheme now operates as three sections, the RHM Section, Premier Foods Section and Premier Grocery Products Section.

A winding up lump sum (WULS) exercise was completed in February 2021. The winding up of the Premier Foods Pension Scheme Trustees Limited and the Premier Grocery Products Pension Schemes Trustee Limited will be completed in 2021.

Actuarial valuations are being conducted for the Premier Foods and Premier Grocery Products Sections as at 31 March 2021. The triennial valuation cycle will then continue with effect from 31 March 2022 for all three sections of the RHM Pension Scheme.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.1215 for the average rate during the period, and £1.00 = €1.1740 for the closing position at 3 April 2021.

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

The trustee boards of the UK schemes generally meet at least four times a year to conduct their business. To support these meetings the Trustees have delegated certain aspects of the schemes’ operation 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 and infrastructure.

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.

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

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

The exposure to the yield and inflation risks described above can be hedged by investing in assets that move in the same direction as the liabilities in the event of a fall in yields, or a rise in inflation. The RHM Pension Scheme has largely hedged its inflation and interest rate exposure to the extent of its funding level. The new Premier Foods Section is currently hedged to 60% for interest rates and 55% to inflation. The Premier Grocery Products Sections is hedged to 75% for interest rates and 100% to inflation.

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

The disclosures in note 9 represent those schemes that are associated with Premier ("Premier schemes") and those that are associated with ex-RHM companies ("RHM schemes"). These differs to that disclosed on the balance sheet, in which the schemes have been split between those in an asset position and those in a liability position.

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

	At 3 Apr 2021		**At 28 Mar 2020**	
	Premier schemes	**RHM schemes**	**Premier schemes**	**RHM schemes**
Discount rate	**2.00%**	**2.00%**	2.50%	2.50%
Inflation – RPI	**3.25%**	**3.25%**	2.65%	2.65%
Inflation – CPI	**2.80%**	**2.80%**	1.65%	1.65%
Expected salary increases	**n/a**	**n/a**	n/a	n/a
Future pension increases	**2.10%**	**2.10%**	1.90%	1.90%

For the smaller overseas schemes, the discount rate used was 1.10% (2019/20: 1.00%) and future pension increases were 1.60% (2019/20: 0.80%).

At 3 April 2021 and 28 March 2020, 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 mortality assumptions are based on standard mortality tables and allow for future mortality improvements. The life expectancy assumptions are as follows:

	At 3 Apr 2021		At 28 Mar 2020	
	Premier schemes	**RHM schemes**	**Premier schemes**	**RHM schemes**
Male pensioner, currently aged 65	**87.2**	**85.4**	87.0	85.4
Female pensioner, currently aged 65	**89.4**	**87.8**	89.2	87.8
Male non-pensioner, currently aged 45	**87.8**	**86.6**	87.6	86.6
Female non-pensioner, currently aged 45	**90.4**	**89.4**	90.2	89.3

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 £77.4m/£79.2m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £39.4m/£24.4m
Assumed life expectancy at age 60 (rate of mortality)	Increase/decrease by 1 year	Increase/decrease by £223.2m/£222.6m

The sensitivity information has been derived using projected cash flows for the Schemes valued using the relevant assumptions and membership profile as at 3 April 2021. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium has been increased from 0.2% at 28 March 2020 to 0.3% at 03 April 2021, reflecting an allowance for additional market distortions caused by the RPI reform proposals.

At 28 March 2020, the CPI inflation assumption was derived by taking the value of the RPI inflation assumption and deducting 1.00% p.a. Following the 25 November 2020, joint HM Treasury and UK Statistics Authority ("UKSA") response to the consultation on the ‘Reform to RPI Methodology’, and specifically the proposal to align RPI with CPIH (CPI including owner occupiers' housing costs), the Group's approach to deriving the CPI assumption has been refined at 3 April 2021:

- Pre-2030 the CPI inflation assumption was derived by taking the value of the RPI inflation assumption and deducting 1.00% p.a following the UKSA stating no intention to make changes prior to 2030;

- Post-2030 the CPI inflation assumption is that CPI and RPI will be aligned

For CPI, the Group reduced the assumed difference between the RPI and CPI by 0.55% to an average of 0.45% per annum. The estimated impact of the change in RPI/CPI methodology is approximately a £95m increase in the defined benefit obligation in respect of the schemes.

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

The directors have considered the impact of the current COVID-19 pandemic on the mortality assumptions and consider that use of the updated Continuous Mortality Improvement (CMI) 2020 projections released in March 2021 for the future improvement assumption a reasonable approach. Whilst the CMI projections are the latest available, it is too soon to quantify the impact COVID-19 may have on the scheme liabilities and the directors will continue to monitor any potential future impact upon the mortality assumptions used.

The fair value of plan assets split by type of asset are as follows:

	Premier schemes	% of total	RHM schemes	% of total	Total	% of total
	£m	%	£m	%	£m	
Assets with a quoted price in an active market at 3 April 2021:						
Government bonds	**45.1**	**5.7**	**1,527.7**	**34.3**	**1,572.8**	**29.9**
Cash	**14.9**	**1.9**	**64.9**	**1.5**	**79.8**	**1.5**
Assets without a quoted price in an active market at 3 April 2021:						
UK equities	**0.6**	**0.1**	**0.3**	**0.0**	**0.9**	**0.1**
Global equities	**8.1**	**1.0**	**5.9**	**0.1**	**14.0**	**0.3**
Government bonds	**34.3**	**4.3**	**18.3**	**0.4**	**52.6**	**1.0**
Corporate bonds	**1.0**	**0.1**	**-**	**-**	**1.0**	**0.0**
UK Property	**84.6**	**10.7**	**278.8**	**6.2**	**363.4**	**6.9**
European property	**20.6**	**2.6**	**83.9**	**1.9**	**104.5**	**2.0**
Absolute return products	**228.2**	**28.8**	**883.9**	**19.8**	**1,112.1**	**21.1**
Infrastructure funds	**19.3**	**2.5**	**302.2**	**6.8**	**321.5**	**6.1**
Interest rate swaps	**-**	**-**	**464.2**	**10.4**	**464.2**	**8.8**
Inflation swaps	**-**	**-**	**21.2**	**0.5**	**21.2**	**0.4**
Private equity	**22.3**	**2.8**	**218.3**	**4.9**	**240.6**	**4.6**
LDI	**191.2**	**24.1**	**-**	**-**	**191.2**	**3.6**
Other[1]	**122.3**	**15.4**	**589.8**	**13.2**	**712.1**	**13.7**
Fair value of scheme assets as at 3 April 2021	**792.5**	**100**	**4,459.4**	**100**	**5,251.9**	**100**
Assets with a quoted price in an active market at 28 March 2020:						
Government bonds	-	-	1,758.5	37.1	1,758.5	31.8
Cash	6.9	0.9	25.5	0.5	32.4	0.6
Assets without a quoted price in an active market at 28 March 2020:						
UK equities	0.1	0.0	0.2	0.0	0.3	0.0
Global equities	6.7	0.9	4.5	0.1	11.2	0.2
Government bonds	24.3	3.1	19.8	0.4	44.1	0.8
Corporate bonds	25.3	3.3	-	-	25.3	0.5
UK Property	42.4	5.5	331.9	7.0	374.3	6.8
European property	0.8	0.1	70.1	1.5	70.9	1.3
Absolute return products	364.0	46.9	834.2	17.7	1,198.2	21.6
Infrastructure funds	-	-	309.8	6.5	309.8	5.6
Interest rate swaps	-	-	533.1	11.2	533.1	9.7
Inflation swaps	-	-	(46.0)	(1.0)	(46.0)	(0.8)
Private equity	0.6	0.1	509.5	10.7	510.1	9.2
LDI	268.3	34.6	-	-	268.3	4.9
Other	35.3	4.6	394.2	8.3	429.5	7.8
Fair value of scheme assets as at 28 March 2020	774.7	100	4,745.3	100	5,520.0	100

[1] Included in Other in the RHM schemes is £106.3m of assets which have been sold during the 53 weeks ended 3 April 2021 and are awaiting settlement at the year-end date.

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

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

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

			At 3 April 2021			At 28 March 2020
	Premier schemes	RHM schemes	Total	Premier schemes	RHM schemes	Total
	£m	£m	£m	£m	£m	£m
Present value of funded obligations	**(1,175.1)**	**(3,536.9)**	**(4,712.0)**	(1,049.6)	(3,240.0)	(4,289.6)
Fair value of scheme assets	**792.5**	**4,459.4**	**5,251.9**	774.7	4,745.3	5,520.0
(Deficit)/surplus in schemes	**(382.6)**	**922.5**	**539.9**	(274.9)	1,505.3	1,230.4

The aggregate surplus of £1,230.4m has decreased to a surplus of £539.9m in the current period. This decrease of £690.5m (2019/20: £857.3m increase) is primarily due to changes in financial assumptions, being the lower discount rate and higher inflation versus 2019/20.

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

	Premier schemes	RHM schemes	Total
	£m	£m	£m
Defined benefit obligation at 30 March 2019	(1,171.8)	(3,495.8)	(4,667.6)
Recognition of HHL pension scheme	(0.5)	-	(0.5)
Interest cost	(27.8)	(83.3)	(111.1)
Settlement	0.9	36.1	37.0
Remeasurement gain	113.6	157.6	271.2
Exchange differences	(2.0)	(1.3)	(3.3)
Benefits paid	38.0	146.7	184.7
Defined benefit obligation at 28 March 2020	**(1,049.6)**	**(3,240.0)**	**(4,289.6)**
Interest cost	**(22.8)**	**(60.4)**	**(83.2)**
Past service cost	**(0.4)**	**(2.5)**	**(2.9)**
Settlement	**27.4**	**57.8**	**85.2**
Remeasurement loss	**(171.6)**	**(442.8)**	**(614.4)**
Exchange differences	**2.6**	**1.5**	**4.1**
Benefits paid	**39.3**	**149.5**	**188.8**
Defined benefit obligation at 3 April 2021	**(1,175.1)**	**(3,536.9)**	**(4,712.0)**

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

	Premier schemes £m	RHM schemes £m	Total £m
Fair value of scheme assets at 30 March 2019	707.1	4,333.6	5,040.7
Recognition of HHL pension scheme	0.5	-	0.5
Interest income on scheme assets	16.7	103.7	120.4
Remeasurement gains	49.3	496.2	545.5
Administrative costs	(5.6)	(4.6)	(10.2)
Settlement	(1.0)	(39.7)	(40.7)
Contributions by employer	43.3	1.4	44.7
Exchange differences	2.4	1.4	3.8
Benefits paid	(38.0)	(146.7)	(184.7)
Fair value of scheme assets at 28 March 2020	**774.7**	**4,745.3**	**5,520.0**
Interest income on scheme assets	**16.2**	**81.4**	**97.6**
Remeasurement gains/(losses)	**16.7**	**(152.6)**	**(135.9)**
Administrative costs	**(6.8)**	**(3.9)**	**(10.7)**
Settlement	**(18.1)**	**(61.1)**	**(79.2)**
Contributions by employer	**45.5**	**1.5**	**47.0**
One off contribution by employer[1]	**7.0**	**-**	**7.0**
Exchange differences	**(3.4)**	**(1.7)**	**(5.1)**
Benefits paid	**(39.3)**	**(149.5)**	**(188.8)**
Fair value of scheme assets at 3 April 2021	**792.5**	**4,459.4**	**5,251.9**

[1] One off contribution by employer is related to Hovis disposal proceeds due to the Premier schemes

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 30 March 2019	(464.7)	837.8	373.1
Amount recognised in profit or loss	(16.8)	12.2	(4.6)
Remeasurements recognised in other comprehensive income	162.9	653.8	816.7
Contributions by employer	43.3	1.4	44.7
Exchange differences recognised in other comprehensive income	0.4	0.1	0.5
(Deficit)/surplus in schemes at 28 March 2020	**(274.9)**	**1,505.3**	**1,230.4**
Amount recognised in profit or loss	**(4.5)**	**11.3**	**6.8**
Remeasurements recognised in other comprehensive income	**(154.9)**	**(595.4)**	**(750.3)**
Contributions by employer	**45.5**	**1.5**	**47.0**
One off contribution by employer	**7.0**	**-**	**7.0**
Exchange differences recognised in other comprehensive income	**(0.8)**	**(0.2)**	**(1.0)**
(Deficit)/surplus in schemes at 3 April 2021	**(382.6)**	**922.5**	**539.9**

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

	Premier schemes £m	RHM schemes £m	2020/21 Total £m	Premier schemes £m	RHM schemes £m	2019/20 Total £m
Remeasurement loss/(gain) on scheme liabilities	**(171.6)**	**(442.8)**	**(614.4)**	113.6	157.6	271.2
Remeasurement gain/(loss) on scheme assets	**16.7**	**(152.6)**	**(135.9)**	49.3	496.2	545.5
Net remeasurement gain/(loss) for the period	**(154.9)**	**(595.4)**	**(750.3)**	162.9	653.8	816.7

The actual return on scheme assets was a £38.3m loss (2019/20: £665.9m gain), which is £135.9m less (2019/20: £545.5m more) than the interest income on scheme assets of £97.6m (2019/20: £120.4m).

The remeasurement loss on liabilities of £614.4m (2019/20: £271.2 gain) comprises a loss due to changes in financial assumptions of £575.1m (2019/20: £184.5m gain), a gain due to member experience of £6.7m (2019/20: £76.5m gain) and a loss due to demographic assumptions of £46.0m (2019/20: £10.2m gain).

The net remeasurement loss taken to the consolidated statement of comprehensive income was £750.3m (2019/20: £816.7m gain). This loss was £607.7m (2019/20: £661.4m gain) net of taxation (with tax at 19% for UK schemes, and 12.5% for Irish schemes).

The Group expects to contribute between £4m and £6m annually to its defined benefit schemes in relation to expenses and government levies and £35-38m of additional annual contributions to fund the scheme deficits up to 2 April 2022

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 International Accounting Standards Board under IFRIC 14, are currently reviewing the recognition of a pensions surplus in the financial statements of an entity. Dependent upon the final published standard, there is potential that any future defined benefit surplus may not be recognised in the financial statements of the Group and additionally, the deficit valuation methodology may also change.

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

	Premier schemes £m	RHM schemes £m	2020/21 Total £m	Premier schemes £m	RHM schemes £m	2019/20 Total £m
Operating profit						
Past service cost	**(0.4)**	**(2.5)**	**(2.9)**	-	-	-
Settlement credit/(costs)	**9.3**	**(3.3)**	**6.0**	(0.1)	(3.6)	(3.7)
Administrative costs	**(6.8)**	**(3.9)**	**(10.7)**	(5.6)	(4.6)	(10.2)
Net interest (cost)/credit	**(6.6)**	**21.0**	**14.4**	(11.1)	20.4	9.3
Total (cost)/credit	**(4.5)**	**11.3**	**6.8**	(16.8)	12.2	(4.6)

In November 2020 the high court ruled that pension scheme trustees are also legally responsible for equalising the Guaranteed Minimum Pensions (GMP) for the employees who transferred out of UK defined benefit pension schemes. Accordingly, the directors have revisited historic cash equivalent transfer values that were previously not equalised and made adjustments where necessary. A non-cash charge of £2.9m in the year, which represents the Directors' best estimate of the cost based on actuarial advice, reflects the past service costs associated with this equalisation.

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 £7.8m (2019/20: £7.3m) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

10. Notes to the cash flow statement

Reconciliation of profit before tax to cash flows from operations

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Profit before taxation	**122.8**	53.6
Net finance cost	**29.8**	41.7
Operating profit	**152.6**	95.3
Depreciation of property, plant and equipment	**19.1**	19.9
Amortisation of intangible assets	**30.4**	29.4
Loss on disposal of non-current assets	**0.4**	0.4
Impairment of tangible assets	**0.3**	-
Impairment of intangible assets	**0.1**	-
Fair value movements on foreign exchange and other derivative contracts	**2.3**	(1.7)
Reversal of impairment losses on financial assets[1]	**(15.7)**	-
Profit on disposal of investment in associate[1]	**(16.9)**	-
Equity settled employee incentive schemes	**3.1**	1.3
GMP equalisation and past service cost related to defined benefit pension schemes[2]	**2.9**	-
(Increase)/decrease in inventories	**(0.8)**	9.8
Decrease in trade and other receivables	**5.7**	0.1
(Decrease)/increase in trade and other payables and provisions	**(1.6)**	9.5
Movement in retirement benefit obligations	**(63.7)**	(42.5)
Cash generated from operations	**118.2**	121.5

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

[2]For further detail of GMP equalisation please refer to note 9

Reconciliation of cash and cash equivalents to net borrowings

	53 weeks ended 3 Apr 2021 £m	52 weeks ended 28 Mar 2020 £m
Net (outflow) / inflow of cash and cash equivalents	**(176.8)**	150.1
Movement in lease liabilities	**2.9**	(21.5)
Decrease / (Increase) in borrowings	**275.0**	(85.0)
Other non-cash movements	**(4.2)**	(3.3)
Decrease in borrowings net of cash	**96.9**	40.3
Total net borrowings at beginning of period	**(429.6)**	(469.9)
Total net borrowings at end of period	**(332.7)**	(429.6)

Analysis of movement in borrowings

	As at 28 Mar 2020 £m	Cash flows £m	Non-cash interest expense £m	Other non-cash movements £m	As at 3 Apr 2021 £m
Bank overdrafts	-	(3.1)	-	-	**(3.1)**
Cash and bank deposits	177.9	(173.7)	-	-	**4.2**
Net cash and cash equivalents	177.9	(176.8)	-	-	**1.1**
Borrowings - revolving credit facilities	(85.0)	85.0	-	-	**-**
Borrowings - senior secured notes	(510.0)	190.0	-	-	**(320.0)**
Lease liabilities	(21.5)	2.7	(0.9)	1.1	**(18.6)**
Gross borrowings net of cash[1]	(438.6)	100.9	(0.9)	1.1	**(337.5)**
Debt issuance costs[2]	9.0	-	-	(4.2)	**4.8**
Total net borrowings[1]	(429.6)	100.9	(0.9)	(3.1)	**(332.7)**
Total net borrowings excluding lease liabilities[1]	(408.1)	98.2	-	(4.2)	**(314.1)**

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

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

	As at 3 Apr 2021			As at 28 Mar 2020		
	Offset asset	Offset liability	Net offset liability	Offset asset	Offset liability	Net offset asset
Cash, cash equivalents and bank overdrafts	**138.2**	**(141.3)**	**(3.1)**	312.8	(134.9)	177.9

11. Bank and other borrowing

	As at 3 Apr 2021 £m	As at 28 Mar 2020 £m
Current:		
Bank overdrafts	**(3.1)**	-
Lease liabilities	**(2.3)**	(2.5)
Secured senior credit facility – revolving	**-**	(85.0)
Total borrowings due within one year	**(5.4)**	(87.5)
Non-current:		
Lease liabilities	**(16.3)**	(19.0)
	(16.3)	(19.0)
Transaction costs	**4.8**	9.0
	4.8	9.0
Senior secured notes	**(320.0)**	(510.0)
	(320.0)	(510.0)
Total borrowings due after more than one year	**(331.5)**	(520.0)
Total bank and other borrowings	**(336.9)**	(607.5)

[1]Included in transaction costs is £2.6m (2019/20: £4.2m) relating to the revolving credit facility.

Secured senior credit facility – revolving

The revolving credit facility of £177m is due to mature in December 2022 and attracts a leverage-based margin of between 2.25% and 3.75% above LIBOR. Banking covenants of net debt / EBITDA and EBITDA / interest are in place and are tested biannually.

The covenant package attached to the revolving credit facility is:

	Net debt / EBITDA[1]	Net debt / Interest[1]
2021/22 FY	4.00x	2.90x
2023/24 HY	4.25x	2.90x

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

On 19 May 2021 the Group announced that it signed a new current revolving credit facility agreement. Please refer to note 15 for more details.

Senior secured notes

The senior secured notes are listed on the Irish GEM Stock Exchange. The notes totalling £320m are split between fixed and floating tranches. The fixed note of £300m matures in October 2023 and attracts an interest rate of 6.25%. The floating note of £20m matures in July 2022 and attracts an interest rate of 5.00% above LIBOR.

Lease liabilities

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

	Within 1 year £m	1 and 2 years £m	2 and 3 years £m	3 and 4 years £m	4 and 5 years £m	Over 5 years £m	Total £m
At 3 April 2021							
Lease liabilities	**(2.3)**	**(2.2)**	**(2.1)**	**(2.0)**	**(1.7)**	**(8.3)**	**(18.6)**
At 28 March 2020							
Lease liabilities	(2.5)	(2.2)	(2.0)	(1.9)	(1.9)	(11.0)	(21.5)

12. Provisions for liabilities and charges

Property provisions primarily relate to provisions for dilapidations against leasehold properties and environmental liabilities. Other provisions primarily relate to insurance and legal matters and provisions for restructuring costs. These provisions have been discounted at rates between 0.07% and 1.34% (2019/20: 0.12% and 0.77%). The unwinding of the discount is charged or credited to the statement of profit or loss under finance cost.

	Property £m	**Other £m**	**Total £m**
At 30 March 2019	(31.8)	(10.3)	(42.1)
Utilised during the period	0.2	2.9	3.1
Additional charge in the period	(0.2)	(1.5)	(1.7)
Unwind of discount	(1.4)	(0.0)	(1.4)
Released during the period	0.7	0.9	1.6
Release under IFRS 16	24.5	-	24.5
At 28 March 2020	**(8.0)**	**(8.0)**	**(16.0)**
Utilised during the period	-	**0.9**	**0.9**
Additional charge in the period	**(1.3)**	**(0.6)**	**(1.9)**
Reclassification	-	**(0.3)**	**(0.3)**
Unwind of discount	**1.1**	-	**1.1**
Released during the period	-	**1.6**	**1.6**
At 3 April 2021	**(8.2)**	**(6.4)**	**(14.6)**

Ageing of total provisions:	**As at 3 Apr 2021 £m**	As at 28 Mar 2020 £m
Within one year	**(6.2)**	(6.4)
Between 2 and 5 years	**(3.3)**	(1.8)
After 5 years	**(5.1)**	(7.8)
Total	**(14.6)**	(16.0)

13. Other liabilities

	As at 3 Apr 2021 £m	As at 28 Mar 2020 £m
Deferred income	**(6.4)**	(7.4)
Other accruals	**(0.7)**	(1.3)
Other liabilities	**(7.1)**	(8.7)

Deferred income relates to amounts received in relation to a previously disposed business.

14. Contingencies

There were no material contingent liabilities at 3 April 2021 (2019/20: none).

15. Subsequent events

On 19 May the directors have proposed a final dividend of 1.0 pence per share for the period ended 3 April 2021 subject to the ratification at the AGM by the shareholders.

On 19 May 2021 the Group announced the proposed issue of new five year £300m Senior Secured fixed rate notes due 2026, to refinance its £300m existing Senior Secured fixed rate notes, due to mature October 2023. Pricing of the new £300m Senior Secured fixed rate notes is to be confirmed and the notes are expected to be callable after two years.

The Group has also announced that it has signed a new revolving credit facility (RCF) agreement with an updated lending group for a period of three years from May 2021 with the option of extending for up to two additional years. This new senior secured RCF is a committed facility of £175m with an interest margin grid broadly in line with the previous RCF, undrawn elements of the RCF will continue to attract interest equivalent to 35% of the applicable margin. The covenant package attached to the revolving credit facility tested bi-annually is:

	Net debt / EBITDA[1]	Net debt / Interest[1]
2021/22 HY	3.75x	3.00x
Subsequent test dates	3.50x	3.00x

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