



25 July 2022

Premier Foods plc (the “Company” or the “Group”)

Acquisition of The Spice Tailor, accelerating branded growth strategy

Premier Foods today announces it has agreed to acquire The Spice Tailor (“The Spice Tailor”), a premium, authentic Indian and South East Asian meal kits and accompaniments brand.

Strategic highlights

- A high growth premium brand with +20% compound annual growth rate¹ over the last four years and forecast to deliver strong sales and profit growth over the coming years
- Closely aligned to current consumer trends including convenient home cooking, premiumisation and authenticity
- Highly complementary to the Group’s *Sharwood’s* and *Loyd Grossman* brands
- Strong geographical fit with Premier Foods’ existing footprint, with a presence in the UK, Australian, Canadian and Irish markets
- Will significantly expand the Group’s ethnic foods business in Australia
- Delivery of further growth through leveraging Premier Foods’ well established and proven branded growth model
- The Group’s strong retailer partnerships present a clear opportunity to expand current retailer distribution across existing and new geographies

Alex Whitehouse, Chief Executive Officer

“We have greatly admired The Spice Tailor business for some time and we’re very much looking forward to it joining our existing stable of strong brands. The acquisition is well aligned to our growth strategy and we see a clear opportunity to build on the excellent track record of The Spice Tailor, by leveraging the elements of our proven branded growth model. This acquisition represents a highly complementary geographical fit, and we see significant potential to expand The Spice Tailor’s distribution in all our target markets. We see this as another important milestone for us following the Group’s strong performance over recent years and The Spice Tailor is an important addition to accelerate our future growth plans.”

Adarsh and Anjum Sethia, Founders, The Spice Tailor

“We’re very pleased that The Spice Tailor will become part of Premier Foods and are looking forward to unlocking further growth for the brand which we have nurtured since its inception. We see Premier with their track record of brand investment and strong commercial relationships, as the perfect fit for The Spice Tailor, driving it onto the next stage of its evolution.”

Transaction details

- Premier Foods will acquire 100% of The Spice Tailor shares² for initial consideration of £43.8m on a cash free and debt free basis
- Additional consideration is dependent on future performance, earn out structure over a three year period from FY23/24, subject to further growth targets³
- Earnings accretive⁴ in year one and funded through a combination of cash and available committed facilities
- The Spice Tailor is expected to generate revenue of £17.3m in FY22/23
- Completion is subject to merger control clearance
- On a pro forma basis, if this transaction completed during the financial year ended 2 April 2022, Net debt/EBITDA would have been flat to the prior year; the Group’s net debt/EBITDA target of 1.5x is unchanged

Further background

The Spice Tailor is particularly popular with consumers who enjoy scratch cooking and appreciate the strong authentic taste profiles the products deliver, typically attracting different consumers than users of *Sharwood’s* and *Loyd Grossman*. Once integrated into the Group’s Cooking Sauces and Accompaniments category team, The Spice Tailor will benefit from increased levels of marketing investment to drive product awareness and household penetration,

Premier Foods plc

additional new product development resources, and access to Premier Foods' commercial capabilities and strong retailer relationships. The Spice Tailor's largest markets are the UK and Australia which account for 58% and 35% respectively of annual FY21 sales.

Operating an asset light business model, the authenticity of The Spice Tailor range is reflected in the fact that the vast majority of its products are manufactured in India, by way of outsourcing to BRC accredited suppliers.

Further information on the transaction can be found in an investor presentation on our website at <https://www.premierfoods.co.uk/Investors/Results-Centre/2022-2023.aspx>

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About Premier Foods

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

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

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Notes to editors:

1. Four-year average revenue growth rate, year ended 31 March 2018 to 31 March 2021.
2. The Group will acquire 100% of the shares of The Spice Tailor Limited and its subsidiaries, The Spice Tailor Direct Limited, The Spice Tailor (Canada) Limited and The Spice Tailor (Australia) Pty Limited.
3. Additional consideration above the Enterprise value of £43.8m is structured over a three-year timeframe from year ending 30 March 2024, dependent on future sales growth and subject to a maximum cap of total consideration (comprising initial consideration and additional consideration) of £72.5m.
4. For year ended 31 March 2021, The Spice Tailor reported Profit before tax of £0.7m; as at 31 March 2021, Gross Assets were £4.6m
5. Expected to be Adjusted earnings per share ("eps") accretive in year one. Adjusted eps is defined as Adjusted profit after tax divided by the weighted average number of shares in the period. Adjusted profit after tax is defined as Adjusted profit before tax less a notional charge of 19.0%. Adjusted profit before tax is defined as Trading profit less net regular interest. Trading profit is defined as profit/(loss) before tax, before net finance costs, amortisation of acquired intangibles, fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administration expenses. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other interest payable and other finance income.