PREMIER FOODS

Enriching life through food

Premier Foods plc Annual Report for the 52 weeks ended 1 April 2023

Contents

→ **Find us online at**
www.premierfoods.co.uk

Overview

enriching life
THROUGH FOOD

We are a purpose-led organisation. Our company purpose – enriching life through food – guides our actions, it motivates us and is reflected in every element of how we run our business. It means ensuring the food we create provides healthier options for our consumers and that we are striving to manufacture in a way that respects the worlds natural resources. It also means continuing to be a responsible and ethical business which contributes positively to our colleagues' lives and the communities where we are based.

Our Enriching Life Plan

→ Read more on pages 26 to 37.

FOR OUR
Consumers
Providing consumers with great tasting food and offering healthier food options, through products that meet high nutritional standards.

FOR OUR
Planet
Place environment at the heart of our operations: respecting natural resources that make our food more sustainable and free of unnecessary or problematic packaging.

FOR OUR
People
Forge inclusive and fulfilling career pathways that contribute to the UK economy and give back to the communities where we operate.

Our branded growth model

→ Read more on pages 12 and 13.

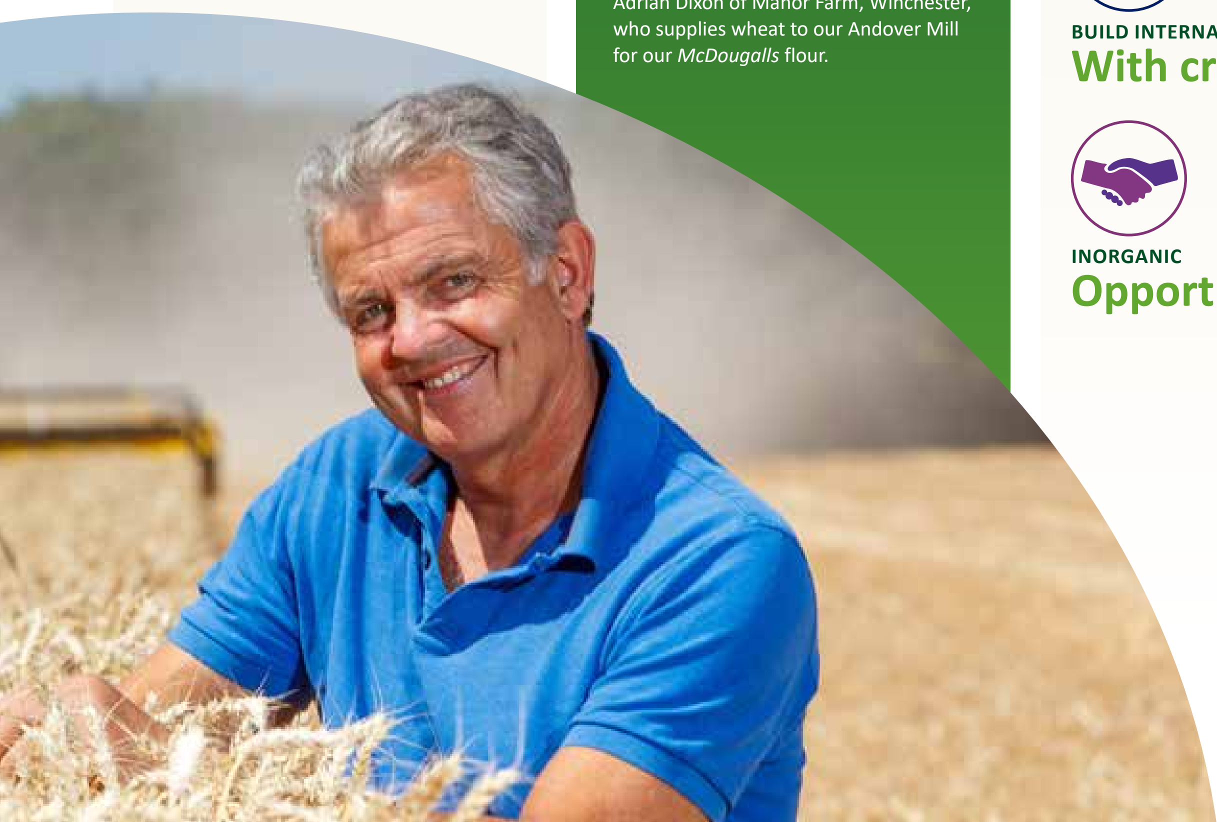
LEADING
Brand positions

INSIGHT DRIVEN
New products

SUSTAINED MARKETING
Investment

RETAILER
Partnerships

PICTURED BELOW:
Adrian Dixon of Manor Farm, Winchester, who supplies wheat to our Andover Mill for our *McDougalls* flour.



Our strategy

→ Read more on pages 18 to 21.

CONTINUE TO GROW
The UK core

SUPPLY CHAIN
Investment

EXPAND UK INTO
New categories

BUILD INTERNATIONAL BUSINESSES
With critical mass

INORGANIC
Opportunities

We have leading brands...

Our brands are leaders in their categories with high household penetration.

Flavourings & Seasonings

Quick Meals, Snacks & Soups

Ambient Desserts

Cooking Sauces & Accompaniments

Ambient Cakes

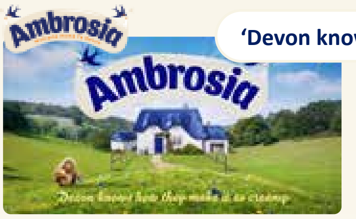
...that innovate to meet consumers' needs...

We launch new products based on consumer trends, with a major focus on health and nutrition.

1. Health and nutrition
2. Convenience
3. Snacking and on-the-go
4. Indulgence
5. Packaging sustainability

...which are supported by engaging marketing...

Significant investment in TV advertising and digital activation behind six of our brands, creating emotional connections with consumers.



'Devon knows'

'Adventures in flavour. Since 1889'

'Dad's night in'

'Piano'

'Tasty'

'Sticking together'

...and strong customer partnerships.

Focused on driving mutual category growth and delivering outstanding in-store execution.

Our ingredients

We aim to give our consumers great tasting products made from quality ingredients. Under our Enriching Life Plan, we have set a target to more than double the sales of products that meet high nutritional standards. We source our ingredients in a responsible manner to give consumers confidence that the food they purchase is produced in an ethical and sustainable way.

We source a wide range of healthy, natural ingredients for our products, purchasing raw ingredients from a range of suppliers in the UK and from markets around the world. Last year we purchased over 290,000 tonnes of food ingredients, working with around 260 suppliers, to develop long-term sustainable partnerships which deliver mutual benefits.

Last year we purchased around:

20,000 tonnes of
tomatoes from Spain and Portugal,
for our *Sharwood's*, *Loyd Grossman* and *Homepride* sauces.

PICTURE: Tomatoes from the Ribatejo region of Portugal.

44,500 tonnes of
wheat from UK farmers,
for our Andover Mill, which is used to make bagged flour and baking mixes, including *McDougalls*.

PICTURE: Wheat harvest at Manor Farm, Winchester.

2,600 tonnes of
Bramley apples from UK orchards,
for products such as our *Mr Kipling* fruit pies.

PICTURE: Bramley apples from the Mackle Apple Orchard in Wisbech, Cambridgeshire.

CASE STUDY

West Country milk

The Blee family has milked cows on their 220-acre farm at Lower Trenower on Cornwall's Lizard Peninsula since 1945. Their current herd of 160 Friesian Holsteins provides milk to clotted cream supplier Rodda's, where the cream and fat are taken out before the remaining skimmed milk is transferred to the *Ambrosia* Creamery in Lifton in Devon to be used in *Ambrosia* custard and rice pudding.

The farm remains a family business, run by Stephen and Jane with their son Chris and two other part-time employees. The cows are grazed for eight to nine months of the year and the family works closely with an agronomist – an expert in soil management – to keep the grass healthy and rich in nutrients. The Blees operate a low-stress system, which means the cows all calf during the late summer and autumn, are milked through the winter and spring and then milking times are reduced over the summer.

2,500 tonnes of

rice from Italy and Spain,

for our *Ambrosia* rice pudding and *Batchelors* savoury rice.

PICTURE: Arborio rice field in the Piemonte region of Italy, in the foothills of the Alps.

67 tonnes of

parsley from the UK,

for our *Paxo* stuffing, *Batchelors* Cup-a-Soup and *Loyd Grossman* pasta pots.

PICTURE: Parsley crop from Sleaford Foods, a family-run producer in Lincolnshire.

"After more than 70 years in the family, our Cornish land is the secret to our success. It provides the crops and space to enable us to milk the cows and raise our youngstock, in a way which is harmonious with nature, and the result is high-quality fresh milk which we're proud to see used in such well-loved and iconic products."

Stephen Blee
Dairy farmer

Our year in review

Over the year, we have made strong strategic progress with revenue ahead of expectations and strong profit growth versus the prior year. Our branded growth model continues to deliver sales growth through new product development ('NPD'), sustained consumer marketing investment and excellent in-store execution.

Statutory measures include seven months' ownership of *The Spice Tailor* for FY22/23. Trading profit and adjusted basic EPS for FY22/23, and the prior year comparatives, are stated including software amortisation.

A definition of Alternative Performance Measures and a reconciliation between headline and statutory measures are provided in the appendices on pages 53 to 55.

Revenue (£m)

FY22/23	**£1,006.4m**
FY21/22	£900.5m
FY20/21	£934.2m
FY19/20	£847.1m
FY18/19	£824.3m

Trading profit[1,2] (£m)

FY22/23	**£157.5m**
FY21/22	£141.2m
FY20/21	£141.6m
FY19/20	£124.0m
FY18/19	£117.1m

Profit/(loss) before tax (£m)

FY22/23	**£112.4m**
FY21/22	£102.6m
FY20/21	£122.8m
FY19/20	£53.6m
FY18/19	£(42.7)m

Net debt[1] (£m)

FY22/23	**£274.3m**
FY21/22	£285.0m
FY20/21	£332.7m
FY19/20	£429.6m
FY18/19	£469.9m

Net debt to adjusted EBITDA ratio[1]

FY22/23	**1.5x**
FY21/22	1.7x
FY20/21	2.0x
FY19/20	2.8x
FY18/19	3.2x

Scope 1 & 2 emissions[3] (tCO_2e)

FY22/23	**51,749**
FY21/22	56,188
FY20/21	60,359

£157.5m

Trading profit
+11.5% versus prior year[1,2]

12.9p

Adjusted basic EPS
+12.7% versus prior year[1,2]

1.44p

Final dividend
Final dividend of 1.44 pence per share proposed, up 20% on prior year

£335.0m

Sales of products that meet high nutritional standards

1 A definition of Alternative Performance Measures and a reconciliation between headline and statutory measures are provided in the appendices on pages 53 to 55. Net debt for FY18/19 is stated pre adoption of IFRS16.
2 Trading profit and adjusted basic EPS for FY22/23 are stated including software amortisation, and the prior year comparatives have been re-stated accordingly.
3 Total Scope 1 & 2 Greenhouse Gas Emissions – location based.

Strategic report

IN THIS SECTION

About Premier Foods

As one of the UK's leading 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 customers with our iconic brands which feature in millions of homes every day.

We operate primarily in the ambient food sector, which is one of the largest sectors within the total UK grocery market. We operate in four key Grocery categories and the Ambient Cakes category. Our brands are leaders in their categories with high household penetration, and 84% of our total revenue comes from branded products.

Categories	Brands	Position	Share
Flavourings & Seasonings	Bisto, OXO, Paxo	#1	44%
Quick Meals, Snacks & Soups	Batchelors, Nissin	#1	36%
Ambient Desserts	Ambrosia, Bird's, Angel Delight	#1	39%
Cooking Sauces & Accompaniments	Sharwood's, Loyd Grossman, Homepride, Spice Tailor	#1	15%
Ambient Cakes	Mr Kipling, Cadbury	#1	19%

Source: category position and market share: IRI, 52 weeks ending 1 April 2023.

Strategic partnerships

Nissin

We entered into a co-operation agreement with *Nissin* Foods Holdings Co., Limited ('*Nissin*') in 2016, and have launched *Batchelors* Super Noodles in a new pot format, using *Nissin's* leading noodle technology and manufacturing expertise. In addition, we have taken on distribution of *Nissin's* Soba noodles and brought the Cup Noodle brand to the market. *Nissin* noodles have grown market share from 19% in 2019 to 53% today, and are now the market leader in the authentic snack pot market.

Mondelēz International

In 2017, we signed a new strategic global partnership with Mondelēz International to renew the Company's long-standing licence to produce and market *Cadbury* branded cake, as well as home baking and ambient dessert products. The partnership covers multiple countries and has the potential to use the full range of *Cadbury* brands in ambient cake.

Customers

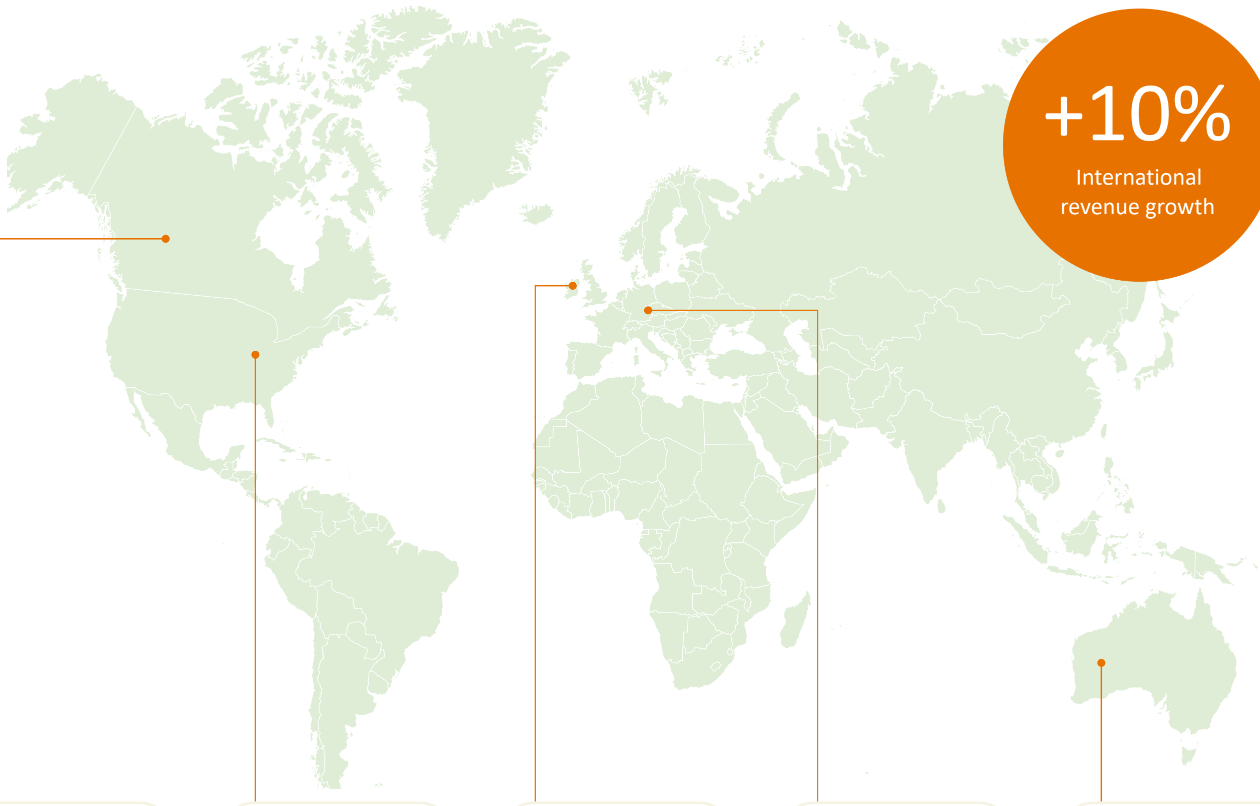
We seek to execute our branded growth model through seeking strategic alignment with our customers, developing best-in-class, differentiated plans across all channels and formats.

We operate a multi-format, multi-channel approach to serving a broad range of customers, including major UK supermarkets, discounters, e-commerce channels, convenience stores, wholesalers and foodservice operators.

Our international business

We are driving growth in our international business through the deployment of our branded growth model, with the aim to achieve critical mass in our strategic focus markets. Our largest international businesses are in Australia and Ireland, where we have established strategic relationships in our focus categories with the leading retailers in both markets. Our focus is on *Mr Kipling*, *Sharwood's* cooking sauces and now *The Spice Tailor* to build global brands and to create a business of scale, over time, in North America and Europe. Our international business has grown +37% since the launch of our new strategy in 2020 (excluding *The Spice Tailor*), and delivered another strong performance in the year, with sales +10% on a constant currency basis.

+10%
International revenue growth



Canada

Building distribution of *Sharwood's*, we have seen particular success with Walmart in Canada. Overall, revenue was up +125% versus prior year.

USA

Following the successful test of *Mr Kipling* in over 200 stores, we are starting to build distribution with customers.

We are also preparing plans to launch *The Spice Tailor.*

Ireland

Revenue growth +6% versus prior year with strong performances with our three major retailers.

Of particular note, were sales of Soba Noodles, which more than doubled versus prior year.

Europe

Growing distribution for *Sharwood's* in a range of European markets including, Spain, Germany and the Netherlands. Additionally, we are preparing to launch *The Spice Tailor.*

Australia

Record market share for cake in Australia of 15.6% and *Mr Kipling* has extended it's leadership position.

Now market leader in Indian cooking sauces with *Sharwood's* and *The Spice Tailor.*

Our investment proposition

Outlined below are a range of attributes, which we believe make the Group an attractive investment for equity and debt investors alike.

Portfolio of category leading brands

We are market leader in the five main categories in the UK in which we operate.

These market shares range from 15% to 44% and many of our brands display a high degree of household penetration.

Over 91% of UK households purchase one or more Premier Foods products every year.

We are building ever stronger positions in our categories overseas, particularly our leading markets of Australia and Ireland. An example being cake, where *Mr Kipling* is the No. 1 brand in the UK, Ireland and Australia.

Proven branded growth model

Brands are at the heart of the business and will drive our future growth.

Through our market-leading brands, we invest in emotionally engaging advertising, launch insight-driven new products and foster collaborative partnerships with our retail customers.

Through this proven branded growth model, we have continued to deliver consistent branded revenue growth in the UK, which has increased by 5.3%, on average, over the last three years.

We are applying our branded growth model to deliver value in other areas of our strategy e.g. new categories, international and acquisitions.

Strong margin profile

Our adjusted EBITDA % margins compare very favourably with many of our sector peers, including branded multinational FMCG businesses.

These strong margins provide the platform for us to continually invest behind our brands, through marketing investment and product innovation.

In FY22/23, our adjusted EBITDA % margins were 18.1%, reflecting the sustained delivery of our branded growth model, facilitated by the strength of our category-leading brands.

Continual supply chain investment

We run an ongoing capital investment programme throughout our supply chain to capture opportunities for growth, enhance site efficiency through cost reduction initiatives and upgrade our infrastructure.

We have a pipeline of automation projects from which we expect to generate further efficiency gains and we plan to steadily build our capital investment over the medium-term.

Highly cash generative

We operate a business which is, underlying, highly cash generative. With our strong adjusted EBITDA margins, lower financing costs and proportionate levels of capital investment we generate attractive levels of free cash flow.

We maintain a Net debt/adjusted EBITDA medium-term target of 1.5x and in FY22/23, we completed our first acquisition in 15 years without increasing our leverage.

Pension obligations solution

In June 2020, we completed a segregated merger of our pension schemes into one single Trust. This arrangement paves the way to potentially substantially lower the pension cash contributions currently made by the Company to the pension schemes. In time, we expect one or more sections of the pension scheme to progress to full resolution.

Responsible in all that we do

Our ESG strategy – the Enriching Life Plan – is articulated through our three strategic pillars of Product, Planet and People. We have set out our ambitions and targets under each pillar as we ensure the food we create helps enable people to lead sustainable, healthier lifestyles.

The Enriching Life Plan covers all aspects of sustainable development and encompasses everything we touch, from the ingredients we source to the communities we serve.

Our purpose

Our company purpose – enriching life through food – guides our actions, it motivates us and is reflected in every element of how we run our business. It means providing consumers with great tasting food and offering healthier food options, through products that meet high nutritional standards.

Enriching life through food is also about producing food in a way that respects the world's resources, the same resources we rely on to make our delicious food. Whether that's reducing our environmental footprint through climate action, reducing food waste, or maintaining high ethical standards across our supply chain.

It also means enriching life for our colleagues by creating an inclusive culture of entrepreneurship, where people can reach their full potential, as well as attracting the very best talent and embracing diversity along the way.

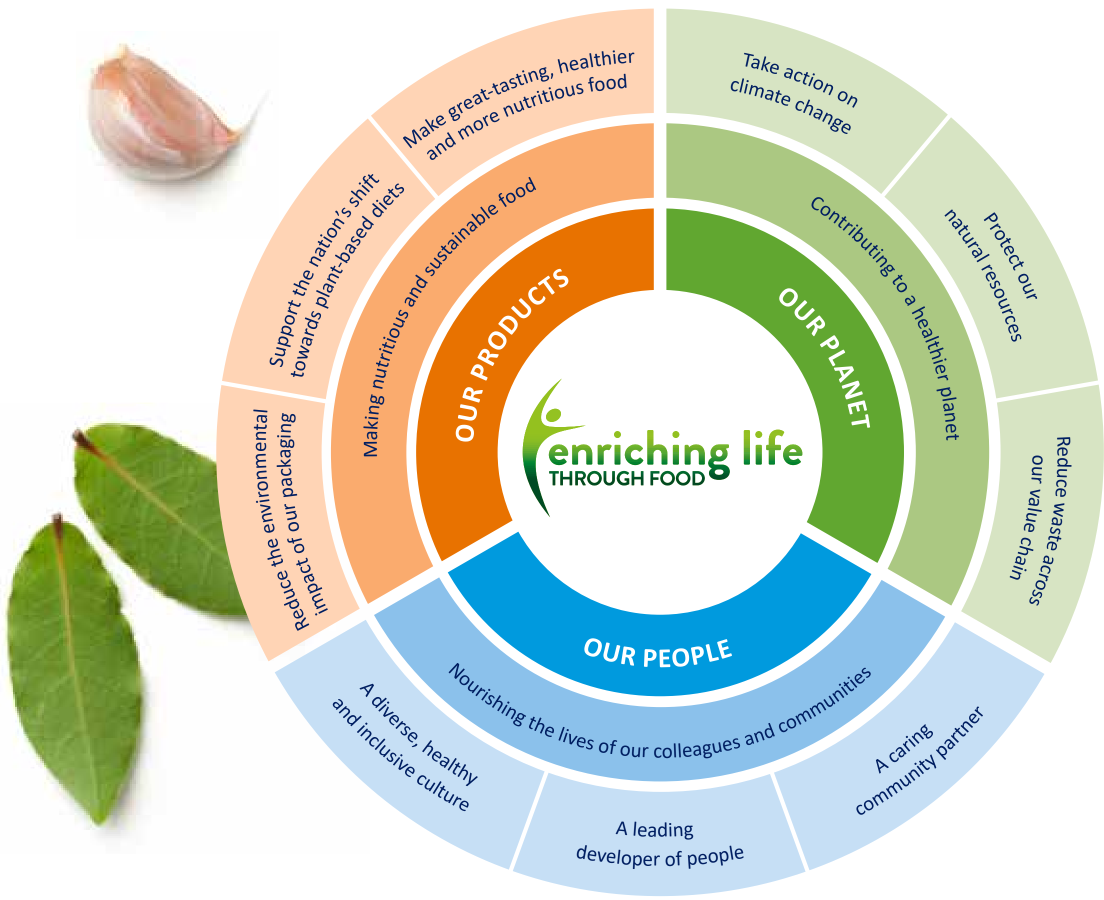
By continuing to enrich the lives of our consumers and our colleagues as well as the planet we live on, we can nurture our business effectively and sustainably, and look forward to many more years of healthy growth ahead of us.

Enriching Life Plan

As one of the UK's leading food producers and home to some of the nation's most loved and iconic brands, we have both an opportunity and a responsibility to forge a healthier future for our planet and everyone on it. Our sustainability strategy, known as the Enriching Life Plan, encompasses everything we touch, from the products we make to the ingredients we source and the communities we operate in.

With our purpose, enriching life through food, at its heart, the plan highlights our commitment to a more sustainable food system and, in turn, the UN Sustainable Development Goals. Guiding our work to 2030, it sets out our ambitions to make more nutritious and sustainable food, contribute to a healthier planet and nourish the lives of our colleagues and communities.

→ Read more about the Enriching Life Plan on pages 26 to 37.



Our business model

Our branded growth model is how we drive sustainable, profitable growth through leveraging our strong leading brands, bringing new products to market that are based on a deep understanding of our consumers changing lives and needs, supporting our brands with engaging advertising and marketing campaigns and by building strong strategic partnerships with our key retailers and delivering outstanding in-store execution.

Our capabilities

Consumer insight
We have deep understanding of our consumers, based around insights on how they shop, how they cook and how they eat. We use this insight, together with our knowledge of new and emerging food trends, to develop and launch products that meet their needs.

Colleagues
Our unique and inclusive culture helps us to attract and retain talented colleagues across our business. Our experienced leadership teams, have a broad and deep understanding of the food industry, and are focused on delivering exceptional performance.

Sourcing
We are committed to producing high-quality food that is sourced in a fair, ethical and environmentally responsible way.

Manufacturing
Our strong manufacturing capabilities allow us to manufacture a diverse range of high quality products with enhanced efficiency, whilst maintaining our leading standards of safety, both for our food and our colleagues.

Our branded growth model

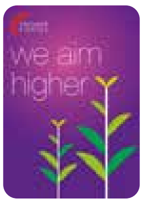
LEADING
Brand positions
Our brands are leaders in their categories with high household penetration.

INSIGHT DRIVEN
New products
We launch new products linked to key consumer trends, with a major focus on health and nutrition.

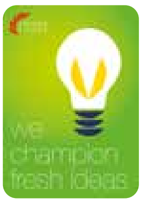
SUSTAINED MARKETING
Investment
We create emotional connections, through media, to build brands, maintain awareness and keep them contemporary.

RETAILER
Partnerships
Our partnerships are focused on driving mutual category growth and delivering outstanding in-store execution.

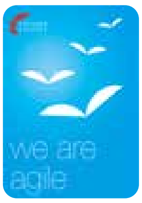
Our values and culture



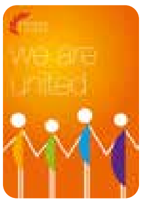
We're determined to be the best, consistently delivering at the highest level.



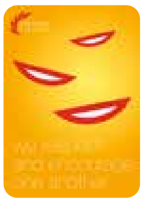
We're creative in what we do and how we do it.



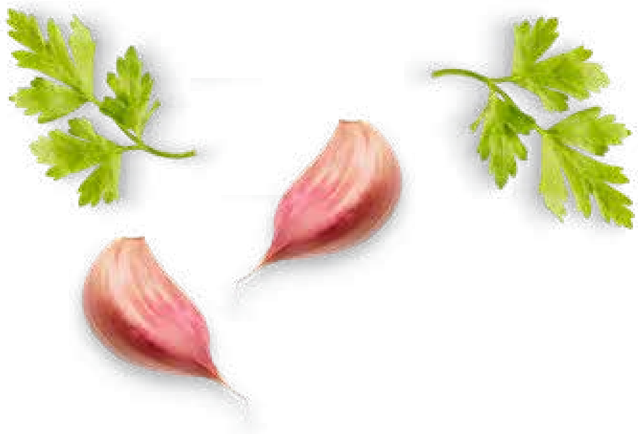
We're energetic and act with pace.



We achieve more when we work together.


We bring out the best in each other.

→ Read more about Our values and culture on page 14.



Our ESG commitments

OUR
Consumers
Providing consumers with great tasting food and offering healthier food options, through products that meet high nutritional standards.

OUR
Planet
Place environment at the heart of our operations: respecting natural resources that make our food more sustainable and free of unnecessary or problematic packaging.

OUR
People
Forge inclusive and fulfilling career pathways that contribute to the UK economy and give back to the communities where we operate.

How we deliver value for our stakeholders

Consumers and customers
By creating and launching new products which meet consumers' needs, we can help our customers to drive category growth.

Colleagues
We're committed to creating a truly great place to work for our 4,000 colleagues, which provides opportunities to develop and grow in an inclusive and diverse environment.

Suppliers
We develop strong relationships based on mutual respect and trust, to source high-quality ingredients at the right price for the long-term benefit of both parties.

Shareholders
Our business model is focused on delivering sustainable profitable growth and long-term shareholder value. Over the past three years, we have delivered shareholder return of 429% and we are now a member of the FTSE 250.

Communities
We build strong bonds with the local communities in which we operate, providing long-term employment opportunities and make meaningful contributions through our charitable giving and volunteering programmes.

The impact we are making

91%
of UK households purchased one of our products last year.

33%
increase in revenue from new categories.

76%
response rate to our colleague diversity data survey.

90%
of our spend is with our top 250 suppliers.

429%
shareholder return delivered over the last three years.

726,530
meals provided to help those in food poverty.[1]

1 See page 35 for definition.

Our values and culture

An important element of our purpose is to enrich the life of our colleagues, by creating an inclusive culture of entrepreneurship, where people can reach their full potential, as well as attracting and retaining the very best talent and embracing diversity.

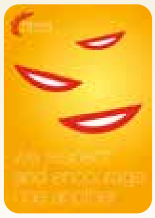
As one of the UK's leading food producers, we employ over 4,000 colleagues, and we're committed to creating a truly great place to work. Our shared values are the DNA of our business, helping guide us in the way we do things. They give us a common framework for decision-making and enable us to challenge ourselves, and each other, to ensure we live them day-by-day.

We're determined to be the best, consistently delivering at the highest level.

We're creative in what we do and how we do it.

We're energetic and act with pace.

We achieve more when we work together.



We bring out the best in each other.

Creating a more modern and flexible working environment

As part of the ongoing evolution of our hybrid working model, we have been looking at how best to evolve our Head Office environment to better suit our personal and business needs.

We asked all our colleagues who were either based at or were regular users of our Head Office to participate in an online survey and focus groups to understand how we were utilising our office space, to inform what the future of our office working should look like.

Our conclusion was that we required a more flexible office space that better reflects how we now work, with less overall space required than before. This means we have been able to design a modern office environment that is also smaller and more agile and, when we relocate in Autumn 2023, it will cost us less to operate.

Recruitment and labour turnover

Our labour turnover levels are relatively low, currently running at 12.1% versus an industry average of around 20%. This level is similar across both central and operations functions, reflecting our positive culture and strong employer brand.

Our in-house recruitment teams are constantly evolving how we attract talent to the business, making sure our processes are always equitable, inclusive and transparent, and that the new colleagues we recruit add to the positive culture of the business.

We have introduced several initiatives to reduce the likelihood of bias when it comes to selection decisions, which include, using software to ensure we are including gender neutral language in job adverts and adopting an 'equality boost' campaign that encourages more diverse applicants.

12.1%

Total colleague turnover in FY22/23

Leadership development

To ensure our leaders and managers are equipped for the next phase of our growth journey, we have been working in partnership with EY Lane 4 to develop and implement a Leading Outperformance Cultural Change Programme. The programme has been designed around our six leadership behaviours and enables delegates to explore each of them and 'try them on for size' in a safe environment:

- Think big
- Drive change
- Act together
- Stay curious
- Spark brilliance
- Inspire ownership

After the successful completion of Phase 2, which was targeted at our middle managers, we are now entering the third and final year of the rollout which will involve our more junior management colleagues across the organisation, which is a population of 375 colleagues.

Evolving our inclusive culture

Inclusion and Diversity ('I&D') is a firm priority for Premier Foods and is something that is championed across each of our 15 sites, at all levels of the business.

We are continuing to work hard to place I&D at the heart of what we do. We launched our #oktobeme – a programme designed to truly embed inclusion and diversity across the business and ensure that everyone feels safe to bring their true, authentic self to work.

A key part of the programme's success is the fact that it is constantly evolving to fit the needs of colleagues and ensure that it is always 'ok to be me' at Premier Foods. In 2022, the programme has been firmly established, with the rollout of I&D awareness training to our colleagues within operations as well as introducing new initiatives launched in response to colleague feedback, including Menopause Warriors hosting menopause cafés, dedicated recruitment campaigns, ambassador programmes and mentoring initiatives.

Working in partnership with Charlotte Sweeney Associates, we developed a bespoke I&D awareness exercise and accompanying training programme that is being rolled out across the business. Over 70 volunteer facilitators have been trained to deliver the programme, which focuses on encouraging people to be more aware and to be open to conversations about I&D.

To date 94% of operational colleagues have experienced the programme and all new starters are taken through it, to promote inclusive leadership and set the expectation right from the outset that it's 'ok to be me'.

#oktobeme

Alongside the training programme, we created an I&D ambassador network, with individuals responsible for celebrating and marking important cultural calendar events throughout the year, whether this is Black History Month, International Women's Day, Pride or Menopause Day, for example.

Since the launch of this network, colleagues have engaged very quickly and are more willing to tell their own stories. We host colleague panels enabling people to ask questions or volunteer information about their own experiences and stories.

Following the development of our menopause policy, we launched menopause cafés, with dedicated Menopause Warriors; something our female colleagues wanted so that they could come forward and discuss their experiences in a supportive setting.

In addition, we have launched a Transgender policy, providing guidelines and a checklist to support transgender people in the workplace.

To support new parents, there is the provision of pre and post maternity support and a package to help new mums navigate the return to work, helping them re-integrate into the business.

Inclusion and Diversity is a subject that is constantly evolving and so we are always looking at new ways to improve our approach and ensure that everyone feels it's 'ok to be me' at Premier Foods.

94%

of operational colleagues have received I&D awareness training

Consumer and market trends

The ambient Grocery market is shaped by a number of consumer, economic and social trends and also the regulatory environment. Our insights team have a deep understanding of consumer and market trends, so that we can develop compelling new products and evolve our existing ranges to meet consumers' needs.

Trend

Consumer budgets under pressure

Impact

In recent months, with inflationary pressure on many areas of household expenditure, such as heating bills, fuel and food, consumers' disposable incomes have been reducing. Consequently, consumers have typically explored options available to them to reduce their expenditure on certain items, including their weekly food bill.

Our response

Our portfolio has a broad range of affordable product ranges, which families can purchase as part of preparing and cooking healthy and inexpensive meals. One example is *Homepride* Pasta Bake cooking sauces. By adding a jar of *Homepride* Tomato & Herb Pasta Bake to some vegetables and pasta, households can prepare an inexpensive and tasty meal which the family can enjoy. As with many of our product ranges, this product also benefits from being made with no added sugar.

Less eating out and more eating at home

Impact

Consumers are looking for more ideas of meals to cook at home which are both affordable and nutritious.

Our response

We launched our 'Best Restaurant in Town' marketing campaign this year, which provides consumers with a range of low-cost meal ideas for preparing and cooking at home.

Inspired by the desire to recreate affordable, restaurant style meals in your home, the 'Best Restaurant in Town' promotes delicious and easy-to-prepare dishes using our brands, such as *Ambrosia* Meringue and Strawberry Mess and *Sharwood's* Sweet Potato and Chickpea Tikka Masala.

Health and nutrition

Impact

Consumers are increasingly seeking better-for-you options in their diet. This may encompass food and meal choices that are lower in one or more of fat, salt, sugar or calories.

Our response

Health and Nutrition is a leading consumer trend for us and, therefore, one which is pivotal in guiding the type of new products we bring to market.

This year, we launched a range of *Mr Kipling* 'Deliciously Good' cakes and pies, classified as non-HFSS (non-high in fat, salt and sugar). These new products are healthier and tasty versions of the Group's biggest brand and are made using real fruit and up to ten times the amount of fibre. Available in a number of variants, this range was three years in the making and has proved popular with consumers.

Trend

Convenience and convenient meal solutions

Impact

Consumers live increasingly busy lives, and additionally, cooking from scratch, often using a multitude of ingredients, is less commonplace than might have been the case a generation ago. Accordingly, consumers are increasingly looking for assistance when preparing and cooking delicious meals at home, especially during the middle of the week.

Our response

Convenience is therefore another key consumer trend we incorporate when formulating our innovation programme. To fit with this trend, this year, we launched an updated range of *Batchelors* 'Chef's Special' Pasta 'n' Sauce which provides consumers with a convenient and quick way to enjoy a tasty pasta dish, with contemporary flavours such as Creamy Four Cheese and Caramelised Onion and Smoky Bacon.

Premium and indulgence

Driven by

There continues to be demand for more premium and indulgent products from consumers. This remains the case despite the backdrop of the well documented cost of living crisis and a clear trend from consumers to eat more healthily.

Our response

We continue to build premium and indulgent products into our innovation plans, as when consumers are seeking a treat, they're looking for exceptional taste to warrant the indulgent nature of the eating occasion.

This year, we launched an exciting and indulgent range of *Mr Kipling* Gooey Brownie Bites which not only represent a more premium proposition relative to the popular core *Mr Kipling* range, but also assist those consumers keen to focus on portion control with the bite size nature of the product.

Our strategy

Our growth strategy is based on 5 strategic pillars to deliver sustainable long-term growth, fund investment behind our brands and provide value for our stakeholders. While we will continue to grow our core UK business, we also focus on a number of areas which we believe have the ability to accelerate our growth.

CONTINUE TO GROW The UK core

What this means

A vibrant and growing UK business provides the foundation for broader expansion.

Strategy in action

The branded growth model which we employ in the UK is at the heart of what we do and is core to our success. Leveraging our leading category positions, we launch new products to market linked to key consumer trends, supported by sustained levels of marketing investment and delivered through strong customer/ retailer partnerships.

Over the past three years, our branded revenue in the UK has grown by an average of 5.3%.

One of our key focus areas is to launch new product ranges which provide consumers with more healthy and nutritious options to incorporate into their diet. Some examples of ranges we have launched in the last year include *Mr Kipling* Deliciously Good cakes, *Sharwood's* 60% less fat Poppodoms and *Plantastic* Millionaire Flapjacks. Over recent years, we have consistently supported six of our major brands through digital and TV advertising. This year, we also extended our 'Best Restaurant in Town' campaign to mainstream media. Delivering sustained levels of brand investment is key to maintaining and increasing brand awareness, while our advertising continues to focus on building emotional connections with consumers.

Future priorities

We will continue to invest in building awareness of our major brands in FY23/24. Innovation plans for next year include *Mr Kipling* Deliciously Good loaf cakes, *Cadbury* mint and orange Mini Rolls, *Loyd Grossman* stir-in Sauces and *Batchelors* cook with Noodles.

Link to KPIs

- Revenue
- Trading profit

SUPPLY CHAIN Investment

What this means

We invest in our operational infrastructure to increase efficiencies across our manufacturing and logistics operations, facilitate growth through our innovation strategy and enhance the safety and working conditions of our colleagues.

Strategy in action

In FY22/23, examples of major capital investment included the installation of auto-casepackers and auto-palletisers in our Sweet Treats manufacturing sites. These projects, at our Carlton and Stoke sites, have been successful in improving efficiencies, realising lower costs per unit and delivering attractive financial paybacks.

Through improving underlying margins, these projects provide funds for re-investment in our brands, such as digital and TV advertising. In turn, this brand investment delivers the platform for us to deliver further brand growth.

Future priorities

In FY23/24, we plan to further increase our levels of capital investment.

We have a number of projects in our capital investment pipeline which have attractive payback returns.

These cover a wide variety of projects and include a range of efficiency improvement initiatives across our operational sites, the objective of which is to drive gross margin improvement to enable further brand investment.

Link to KPIs

- Free cash flow

EXPAND UK INTO New categories

What this means

Leveraging the strength of our brands and our proven branded growth model by launching into new, adjacent product categories.

Strategy in action

Ambrosia is one of our largest and most loved brands; it is the leader in the ambient desserts category and synonymous with creaminess from Devon.

In FY22/23, we launched a new range of *Ambrosia* porridge pots in a ready-to-eat format that can be enjoyed hot or cold. This represents our first entry into the breakfast eating occasion and leverages the creaminess attributes which *Ambrosia* is well known for. The range is available in three varieties - original, raspberry and golden syrup flavour.

During the year, *Ambrosia* porridge pots have significantly increased market share in the growing porridge pots market. Consumers enjoy the creamy texture of the product, which results in a strong repeat purchase rate.

Future priorities

We are planning to expand the *Ambrosia* porridge pots range with some exciting new flavour variants, to build on the initial success we have delivered in FY22/23.

Link to KPIs

- Revenue
- Trading profit

BUILD INTERNATIONAL BUSINESSES

With critical mass

What this means

Building sustainable overseas business units with critical mass, applying and tailoring our brand building capabilities. The brands we are focusing on to deliver this growth are *Mr Kipling*, *Sharwood's* and *The Spice Tailor*

Strategy in action

Our strategy is to accelerate our growth by utilising some of the proven branded growth model approaches used in the UK and applying them to focus overseas markets such as Australia. We have progressively built the *Mr Kipling* and *Cadbury* cake brands in Australia through new product launches and fostering collaborative partnerships with retail customers. During the year, *Mr Kipling* Lemon Bakewell tarts have been a particular success and we increased our market share in cake to an all-time high of 15.6%.

Overall, our international business delivered revenue growth of 10% in the year (on a constant currency basis), as we increased sales in all our strategic markets.

Future priorities

We will continue to apply our proven branded growth model to our focus brands and markets, through launching new products, investing in our brands and executing strongly in-store. We're looking forward to expanding our distribution of *Mr Kipling* cakes in the US and growing *Sharwood's* and *The Spice Tailor* in Canada and Europe.

Link to KPIs

- International revenue

INORGANIC

Opportunities

What this means

Expanding our product portfolio through acquisitions and applying our brand building and commercial expertise to accelerate value creation.

Strategy in action

In July 2022, we announced our first acquisition for 15 years, *The Spice Tailor*, the premium, authentic, Indian and South East Asian meal kits and accompaniments brand.

This business is highly complementary to our *Sharwood's* and *Loyd Grossman* brands and presents a strong geographical fit with our existing footprint, with presence in the UK, Australian, Canadian and Irish markets. *The Spice Tailor* has demonstrated a strong growth profile in recent years, and by integrating it into our business, we expect to deliver further growth through leveraging our well established and proven branded growth model.

Future priorities

We will continue to explore modest and targeted opportunities with the objective of accelerating the growth profile of the Group, while ensuring close alignment with current consumer trends. In this respect, *The Spice Tailor* is a good blueprint of the type of brands we may be interested in investigating more closely.

Link to KPIs

- Revenue
- Trading profit

Strategy in action

STRATEGY IN ACTION

Build international businesses with critical mass

Our international strategy is to deliver sustainable top line growth, with the potential to grow significantly ahead of the core UK business.

We aim to achieve critical mass within a selected number of focused overseas markets. Our initial focus is on targeting three of our key brands (*Mr Kipling, Sharwood's* and *The Spice Tailor*, following our acquisition of the brand during the year) where we have a distinctive and consumer-relevant proposition.

Growing our business in Australia

Our approach can be demonstrated through the success we have had building our cake business in Australia over the last five years. This has seen retail sales value grow from A$10m in FY17/18 to over A$30m at the end of FY22/23. *Mr Kipling* is now the leading branded cake brand in Australia with 10.2% market share.

We apply our successful branded growth model strategy to our international focus areas.

The process starts with careful consumer research to validate and tailor our proposition to the specific market.

We create brand awareness and trial through a range of marketing tools including, digital, PR and shopper marketing activation. As we build brand awareness and grow sales, we can then support them through TV and digital advertising.

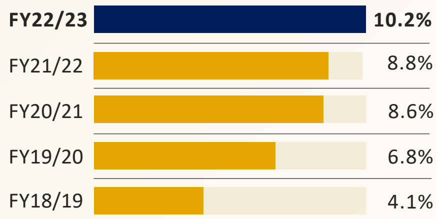
We invest in small, high-calibre in-market sales teams, working both directly with customers and via distributors to establish distribution. The size of the team and investment can then be increased as the number of customers and the scale of the business grows.

Our small dedicated Australian teams has developed strong relationships with the two key Australian retailers, Coles and Woolworths.

The initial focus in Australia was on seasonal lines for the Christmas period and then adding additional variants from the UK portfolio as the business expanded. The product range is tailored to the Australian market which, to date, has been driven primarily by *Mr Kipling* Slices, and then extended into a range of other variants including French Fancies and Bakewells. We also have the opportunity to expand further through launching a range of New Product Development (NPD) that has proven successful in the UK.

The international business helps to leverage our existing UK manufacturing base, utilising existing capacity or increasing capacity as market growth expands.

We plan to replicate the proven approach in Australia to other markets, such as the USA, where we have recently completed a successful test at over 200 retail stores.



Market share progression for *Mr Kipling* in Australia over the last five years.

19.4%

Household penetration, +161 basis points (bps) versus prior year

STRATEGY IN ACTION

Inorganic opportunities

Another way we can accelerate growth is through targeted acquisitions.

The Spice Tailor acquisition

We announced the acquisition of *The Spice Tailor* in July 2022, representing our first acquisition for over 15 years.

The Spice Tailor is a premium brand in the authentic Indian and Southeast Asian meal kit market and is popular with consumers who enjoy scratch cooking and appreciate the strong authentic taste profiles the products deliver.

The Spice Tailor is a high growth brand which has delivered +20% compound annual growth rate between 2017 and 2021, and we believe can deliver strong sales and profit growth over the coming years.

The brand is closely aligned to current consumer trends including convenient home cooking, premiumisation and authenticity, and is highly complementary to the Group's *Sharwood's* and *Loyd Grossman* brands. There is also a strong geographical fit with our existing footprint, with a presence in the UK, Australian, Canadian and Irish markets.

Over the course of the year, we have successfully integrated *The Spice Tailor* into the Group's Cooking Sauces & Accompaniments category team.

We are now applying our branded growth model to unlock the brand's potential. *The Spice Tailor* will benefit from increased levels of marketing investment to drive product awareness and household penetration, additional new product development resources, and access to the Group's commercial capabilities and strong retailer relationships both in the UK and in international markets.

In addition, *The Spice Tailor* provides additional scale in our international markets, particularly in Australia where it is already well established, and complements our existing focus on the *Sharwood's* brand. This has allowed us to engage in strategic development planning with major Australian customers in respect of the Indian cooking sauces category for the first time. As a result, *The Spice Tailor* has become a focus brand for the international business, in addition to *Mr Kipling* and *Sharwood's*.

+25%

Revenue growth year-on-year

Revenue is on a pro forma basis, reflecting that *The Spice Tailor* was acquired part way through the financial year.

Chair's statement

Since the business returned to the FTSE 250, we have continued to make significant strategic progress against all five pillars of our growth strategy. This has been achieved while further strengthening our financial position on the back of strong trading, lower Net debt and interest costs and, most recently, improvements to the funding position of the Group's pension schemes.

This report covers FY22/23, the financial year for the 52 weeks ending 1 April 2023.

The Group's revenue reached £1,006.4m, an increase of +11.8% versus the prior year. Trading profit [1] grew +11.5% to £157.5m versus last year, and profit before tax grew +9.6% to £112.4m, year-on-year. Having made our first acquisition in 15 years, we have continued to reduce our Net debt.

External climate

Like many manufacturers and retailers operating in the current geopolitical environment, we have continued to manage the supply chain disruption seen over the past year. Thanks to effective processes, and the hard work of our teams, our business remains resilient in the face of this.

We have continued to see significant levels of input cost inflation, across our entire supply chain, which we have mitigated, as far as practicable, through an active hedging strategy and cost-saving programme. By working collaboratively, with both our retail partners and our broad supplier base, we have sought to minimise the price increases we have passed onto our customers.

To help our consumers, against the impact of inflation, we developed a marketing campaign, entitled 'The Best Restaurant in Town', offering a range of nutritious and good value meals to make at home, using our broad range of products.

We have also been keen to recognise and support the enormous efforts of our manufacturing colleagues, taking the decision to provide two cost of living payments during the financial year.

Financial position

The Group's refinancing, at the end of financial year 2021, strengthened our balance sheet, allowing the business to reinvest behind its brands, operations and its people. Alongside this, the business has continued to demonstrate the success of our branded growth model, driving a strong and consistent trading performance, cash generation and debt reduction, which has enabled us to drive further progress through our five pillar growth strategy.

We have made further progress, following the segregated merger of the Group's legacy pension schemes in 2020. This is illustrated by the improved financial position of the schemes, confirmed by the recent triennial actuarial valuation, and the resulting reduction in deficit payments. Further information on the triennial valuation is set out on page 52.

During the year, we have continued to manage successfully the free cash flow generated by the business, enabling us to reduce Net debt to below FY21/22 levels at £274.3m, after taking into account the £43.8m acquisition of *The Spice Tailor*. As at the year end, Net debt/adjusted EBITDA[1] was 1.5x. We remain committed to paying a progressive final dividend each year and, therefore, I am pleased to confirm that, subject to shareholder approval, the directors have proposed a final dividend of 1.44 pence per share for the 52 weeks ended 1 April 2023, a +20% increase on prior year.

Board priorities and shareholder feedback

As a Board, we remain committed to supporting the management team to deliver our growth strategy, the success of which is being demonstrated by progress this year against all five pillars: building the UK core; supply chain investment; expanding into new UK categories; building scale in our existing international businesses and, where suitable opportunities arise, investing in further suitable bolt-on acquisitions. The management team continues to identify opportunities to take the business to the next stage of growth, across each of these pillars, and so deliver further value for our shareholders.

The business has made good progress against its Enriching Life Plan and its ambitions to create more nutritious, sustainable food for our consumers; contribute towards a healthier planet; and help to enrich the lives of our colleagues and communities. Further details can be found in our ESG section. We have demonstrated our commitment to this as a Board, by continuing to link part of our executive remuneration to key targets within the ESG strategy.

The Group has continued to advance its Inclusion and Diversity strategy during the year. One of our key areas of focus is achieving gender balance for senior management, and this year 47% of general management roles and 40% of senior management roles are held by females, demonstrating progress on last year. Information on the work being done to address diversity across the business can be found on page 15.

> Since the business returned to the FTSE 250, we have continued to make significant strategic progress against all five pillars of our growth strategy, including acquiring our first business in 15 years, while further strengthening our financial position. We are now well positioned to develop and grow the business, taking it to the next stage of growth."

The Board remains committed to improving its gender and ethnic diversity. Although we have met the current requirements, set by the Hampton-Alexander and Parker Reviews respectively, following the release of the new FTSE Women Leaders Review targets, we are working towards the new objectives prior to the target date of 2025. Details on this can be found in the Nomination Committee report.

Members of the Board and I have continued to engage with shareholders, over the course of the year, allowing us to understand your priorities and listen to feedback, and bring this insight into wider Board discussions. We look forward to continuing this dialogue over the coming year, as we maintain our focus on growing the business to deliver further shareholder returns.

Governance and the Board

At the start of the financial year, we welcomed Roisin Donnelly to the Board, as an independent non-executive director, bringing with her over 30 years' FMCG marketing and brand building experience. At our Annual General Meeting (AGM) last year, Pam Powell retired after nine years as an independent non-executive director. I would like to thank her once again for her valuable contribution during that time.

In May 2022, following the reduction in the shareholding position of funds managed by Oasis Management Company Limited, Daniel Wosner announced he would be stepping down from the Board. I'd like to take this opportunity to thank him for the important and supportive contribution to the Company's strategic thinking, during which time the Group made substantial progress.

Over the year, we also made changes to our committee memberships, including the appointment of Helen Jones to the role of Remuneration Committee Chair, following our AGM in July. Further details on this can be found in the governance section of this report.

Summary

I'm pleased to be able to report on another year of strong financial and strategic progress for the Group and I would like to take this opportunity to thank our investors, colleagues, suppliers, customers and consumers for their continued support.

Looking forward, we have a clear growth strategy, and a management team focused on delivering strong results, which should enable us to capitalise on the wide range of opportunities we see ahead. This is underpinned by our strengthened financial position, supporting our objective of value creation, for all our stakeholders.

Colin Day
Chair

18 May 2023

[1] Statutory measures include seven months' ownership of *The Spice Tailor* for FY22/23. Trading profit is stated including software amortisation and FY21/22 comparatives have been updated accordingly. A definition of Alternative Performance Measures and a reconciliation between headline and statutory measures is provided in the appendices on pages 53 to 55.

+9.6%
Increase in profit before tax

1.44p
20% increase to final dividend

Chief Executive's review

Over the past four years, our business has made enormous progress, and this year we have delivered another excellent set of results. Our portfolio of iconic brands has once again performed strongly, as we reached £1bn of sales and our grocery brands continued to increase their market share.

Thanks to the combination of our strong portfolio of brands, our collaborative customer partnerships, and the expertise we have across Premier Foods, we have continued to deliver strong growth. Group revenue increased 11.8%, underpinned by our branded growth model and supported by higher pricing, while Trading profit[1] and adjusted PBT[1] were 11.5% and 13.0% ahead of the prior year. We successfully maintained our trading profit margin in the face of significant input cost pressures, achieving this through a combination of productivity improvements, cost efficiencies, and pricing.

A key driver of success this year has been the resilience of our brands and the breadth of our portfolio. We know how challenging the past year has been for many consumers, and our products have always played a key role for families when finances are tight and budgets are squeezed. Many of our Grocery brands in particular serve as "meal-makers", which help people bring ingredients together to create nutritious and affordable meals. We recognise the current environment is difficult for many of our consumers, and so we have done everything we can to keep prices as low as possible, raising prices only as a last resort.

We also developed a campaign called the 'Best Restaurant in Town' to provide extra help and inspiration to consumers, sharing low-cost, nutritious recipe ideas with millions of people through a new website and major marketing campaigns. We are continuing to see people look for convenient, affordable and tasty meal solutions, and this has been reflected in the particularly strong performance of *Batchelors* and *Nissin* this year.

Continued success of our branded growth model

Our ability to deliver this strong performance is the result of our branded growth model – the combination of our leading brands, consumer insight driven new product innovation, sustained marketing investment and strong retailer partnerships.

This year we have once again continued to invest in our brands, bringing a series of new consumer-focused products to market, and supporting our major brands with TV and digital marketing campaigns.

We have made our business successful by listening to the needs of our consumers and developing products that meet those changing needs. More and more, consumers tell us that health and healthier eating are important to them, and so health continues to be a priority for new product development as well as an important part of our ESG strategy.

A major breakthrough this year was the launch of our Deliciously Good range of *Mr Kipling* cakes. The range contains 30% less sugar, while also being lower in fat and containing higher levels of fibre and real fruit. This is the only comprehensive range of branded, non-HFSS[2] cakes on the market, demonstrating the strength of our innovation capabilities.

We continued to build strong retail partnerships, working together to drive overall category growth, and to create impactful promotional activity in-store. This year we have been particularly successful with a series of brand partnerships including with Warner Bros and NBC Universal, creating major in-store events themed around the Minions and the new DC movie Shazam. These events feature highly impactful product displays, highlighting our brands to existing and new consumers and driving incremental sales.

Delivery against all five pillars of our growth strategy

We have continued to deliver against our growth strategy and I'm very pleased with the strong progress we have made across each of the pillars.

The first pillar of our strategy is to grow our core UK business, which is by far our largest market. This year we have seen revenue growth of 11.3% in the UK, and over the past three years, the compound annual growth rate for our brands in the UK is 5.3% (excluding *The Spice Tailor*).

As a result of our consistent strong free cash flow, we have continued to invest in our manufacturing infrastructure. Doing this helps to drive cost efficiencies, which we can then reinvest back into our brands to drive further growth. This has included bringing in an automated case-packer at our Stoke site and a new auto palletiser for our *Mr Kipling* French Fancies manufacturing line.

The third part of our strategy is to expand into new categories where we see opportunities to generate further value. I am really encouraged by the successes we are seeing in this area. Sales from new categories increased by 33% this year, thanks partly to our new Ambrosia porridge pots which take the business into breakfast, a meal where none of our other brands feature, and so delivering totally incremental revenues.

Our international business has once again had a strong year of growth, and is now 46% bigger than when we implemented the current strategy in 2020. This year's growth was broad based across our focus markets of Ireland, Australia, New Zealand, the USA, Canada and Europe, with Australian cake the standout performer, growing both market share and household penetration and with *Mr Kipling* extending its market leadership position.

Finally, an important milestone this year was our first acquisition in over 15 years, the purchase of *The Spice Tailor,* a premium and authentic Indian and Southeast Asian meal kits brand. This is a high growth brand, which is already benefiting from the application of our branded growth model, with sales growth accelerating to 25% over the last year. We see great potential to scale up the brand as we continue to build distribution in both the UK and overseas markets, bring new products to market and support with new marketing activities.

"Building on the strong financial performance and strategic progress we have achieved this year, we see major opportunities to expand the business in the coming year and over the medium-term, creating further value for all our stakeholders."

Strong financial position enabling reinvestment

Our performance and growth continue to be underpinned by our completely transformed financial position. The benefits of the refinancing which completed in 2021 have been particularly important as the UK entered a higher interest rate environment this year.

Leverage has further reduced to 1.5x adjusted EBITDA and is now in line with our medium-term target, with the acquisition of The Spice Tailor in August 2022 having been funded from one year's free cash flow.

We are also starting to see the expected benefits of the transformational pensions agreement we reached in 2020. The latest triennial valuation at 31 March 2022, reported a net combined actuarial surplus of £297m. Following this, the Net Present Value of future pension contributions to the end of the respective recovery periods has reduced by approximately 50%, from £240-260m to approximately £125m. As a result, the company's cash costs in deficit payments and administrative costs will now reduce by £6m from FY23/24.

Our focus on financial discipline puts the business in a strong position for the future, enabling us to continue to invest in our brands, our people, and our manufacturing sites, whilst paying a progressive dividend.

Closure of Knighton

Having considered a range of options, this year we took the difficult decision to close our factory in Knighton. The site produces predominantly low-margin, non-branded powdered beverages for third party customers, and does not fit with the Group's growth strategy, which is focused on building our portfolio of leading brands. The site is unprofitable and therefore the closure will be accretive to our Trading profit over the medium-term.

Our Enriching Life Plan

We are now into the second year of our Enriching Life Plan and continue to make good progress on our commitments. It is encouraging to see the work we are doing recognised by leading ESG benchmarking platforms, as well as by policy groups and organisations such as the Carbon Disclosure Project.

The launch of the *Mr Kipling* Deliciously Good range has been an important step towards our health targets. We have seen sales of our plant-based products increase by 34%, while also launching new plant-based products under our *Plantastic* brand, including Millionaire Flapjacks, Protein Pots and Creamy Pasta Sauces.

We have also taken steps forward on our planet commitments. Having published our full GHG targets last year, our decarbonisation targets have been submitted to, and approved by, the Science Based Targets initiative (SBTi), and we have mapped out our Scope 3 supplier base. We have also established energy councils across our sites to drive energy efficiency and reduce emissions, helping to reduce our Scope 1 and 2 emissions, (net market based), by 10% since FY20/21.

Meanwhile, we continue to support our people and the communities we serve. A major part of this is our new five-year FareShare partnership. We have also taken further steps forward in our Inclusion and Diversity journey, and also made progress on skills development in the industry, as we welcomed our first T-levels students and became early adopters of the Food and Drink Federation's career passport.

With rising prices creating pressure for many families, it was important to us to provide extra support for our colleagues where possible, including two additional cost of living payments during the year.

In summary

As we enter a new financial year, we carry with us the significant momentum we have built in recent years. While the macro environment remains challenging, we continue to navigate this successfully, leveraging our leading brands, which have demonstrated their resilience and showed once again the key role that they play for families.

I'd also like to take the opportunity to thank every colleague who has gone out of their way to deliver such great performance over the past year.

Building on the strong financial performance and significant strategic progress we have achieved this year, we continue to see major opportunities across the five pillars of our growth strategy to expand the business in both the coming year and over the medium-term, delivering further value creation for all our stakeholders.

Alex Whitehouse
Chief Executive Officer

18 May 2023

1 Statutory measures include seven months' ownership of *The Spice Tailor* for FY22/23. Trading profit is stated including software amortisation and FY21/22 comparatives have been restated accordingly. A definition of alternative performance measures and a reconciliation between headline and statutory measures is provided in the appendices on pages 53 and 55.

2 Non-HFSS: Food or drinks not high in fat, salt or sugar.

+11.8%
Increase in Group revenue

+10%
Increase in international sales (on a constant currency basis and excluding *The Spice Tailor*)

The Enriching Life Plan: our purpose in action

As one of the UK's leading food producers and home to some of the nation's most loved and iconic brands, we have both an opportunity and a responsibility to forge a healthier future for our planet and everyone on it.

Our sustainability strategy, known as our Enriching Life Plan, encompasses everything we touch, from the products we make to the ingredients we source and the communities we operate in.

With our purpose, enriching life through food, at its heart, the plan highlights our commitment to a more sustainable food system and, in turn, the UN Sustainable Development Goals. Guiding our work to 2030, it sets out our ambitions to make more nutritious and sustainable food, contribute to a healthier planet and nourish the lives of our colleagues and communities.

Working in Partnership

In order to help shape a more sustainable UK food system, we are members of many industry-leading groups which facilitate collaboration and accelerate action. By participating in these initiatives, we hold ourselves accountable against industry-wide targets and strive to contribute to wider change. Where we feel we have a unique contribution to make across the broader industry we engage more, with colleagues currently holding steering group positions on the UK Plastics Pact, The Courtauld Commitment 2030 programme and The Food Data Transparency Partnership.

Partnership for our targets

* RSPO use of logo: License number: 4-0019-06-100-00.
Check our progress at https://rspo.org/members/103/ Premier-Foods- Group-Limited

Headline targets*

Our Products	Our Planet	Our People
More than **double sales** of products that meet **high nutritional standards**	Develop **validated Science-based Targets** aligned with Business Ambition for 1.5°C	Achieve **gender balance** in our senior leadership team
More than **50%** of our products (by Stock Keeping Unit (SKU)) will provide **additional health or nutrition benefits**	Reduce **scope 1 and 2 emissions by 67% by 2030** and achieve net zero by 2040; and reduce **scope 3 emissions by 25% by 2030** and target net zero by 2050	Provide skills programmes and **work opportunities for excluded groups** to enable fulfilling careers in the Food Industry
Grow sales of **plant-based products** to **£250m** per annum	**Deforestation and conversion free** across entire supply chain	Provide the equivalent of **1 million meals** per annum to **those in food poverty**
100% of our **packaging** will be **reusable, recyclable or compostable** by 2025	Halve our **food waste** and support our suppliers and consumers to do the same (against a 2017 baseline)	Be more of a force for good in our communities by **volunteering** at least **1,000 colleague days** a year

* All targets are 2030 from a 2020 baseline unless otherwise stated. For more information on all targets see our Enriching Life Plan disclosure tables from page 178.

Baked-in behaviours

- Excelling in food quality
- Being safe
- Sourcing with care
- Marketing responsibly
- Protecting the environment
- Doing the right thing

Our approach: placing our purpose at the heart of our business

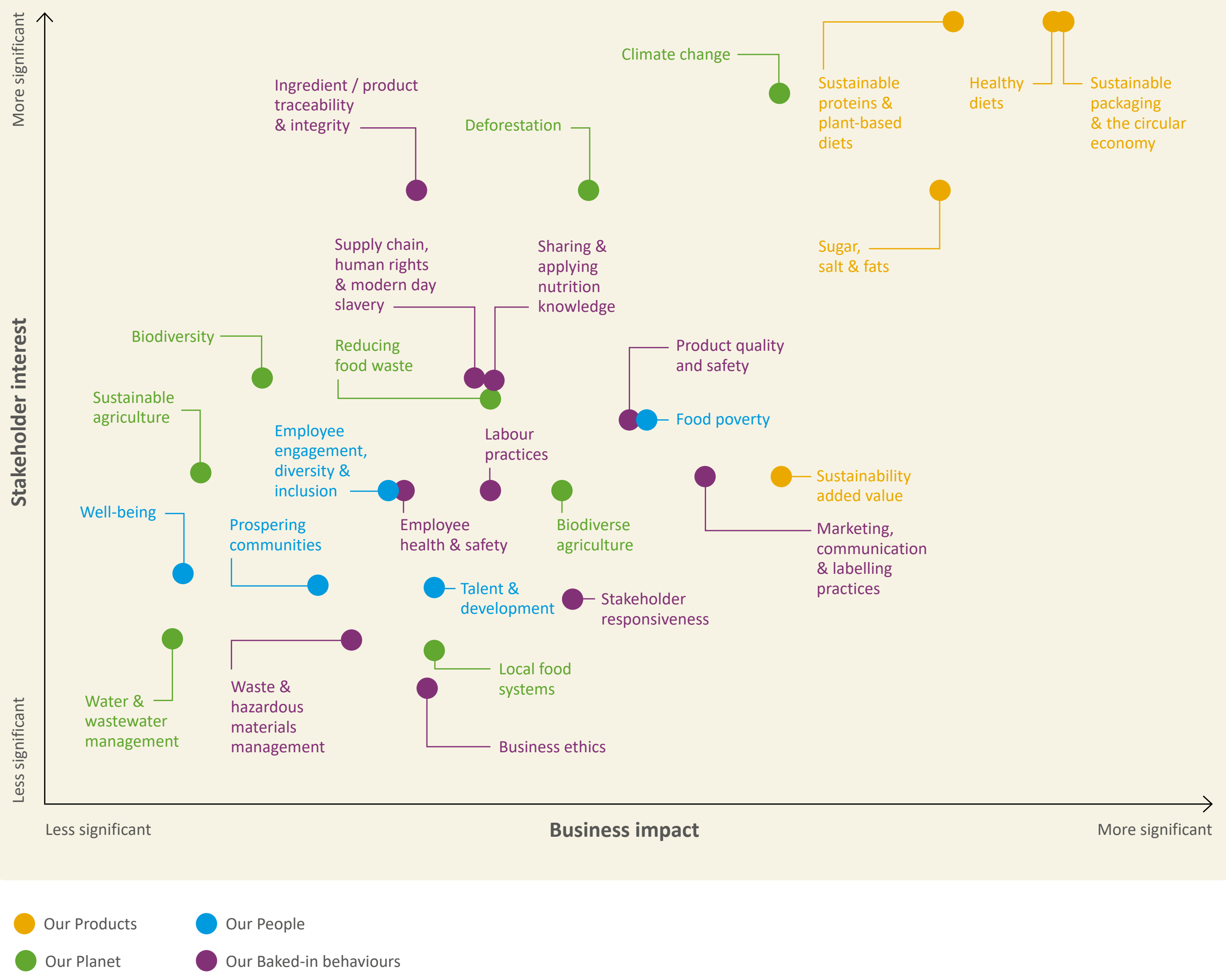
Environmental, social and governance (ESG) issues are constantly evolving and our strategy is responsive to this, dealing with both changing and emerging threats. As businesses, policy makers, non-governmental organisations, scientists and citizens understand the issues better, new international and national policies, and voluntary and industry frameworks are being developed to help drive action.

Our Enriching Life Plan builds on the findings of our most recent materiality assessment, which considers the views of a broad range of stakeholders to identify and prioritise the issues most relevant to our business and where they should be addressed in our Enriching Life Plan (see graphic).

We will formally repeat our materiality assessment in 2025/26 as we reach the halfway point of our Enriching Life Plan but to ensure our work continues to adapt to emerging and developing topics we continually review our priorities.

The last year has seen an increasing number of examples of extreme weather, drought and geopolitical upheaval around the world. The issues of human rights, water stewardship and the ongoing response to climate change have led to increased prominence of the roles civil society and businesses need to play to address these challenges in the future.

Materiality assessment



Our governance

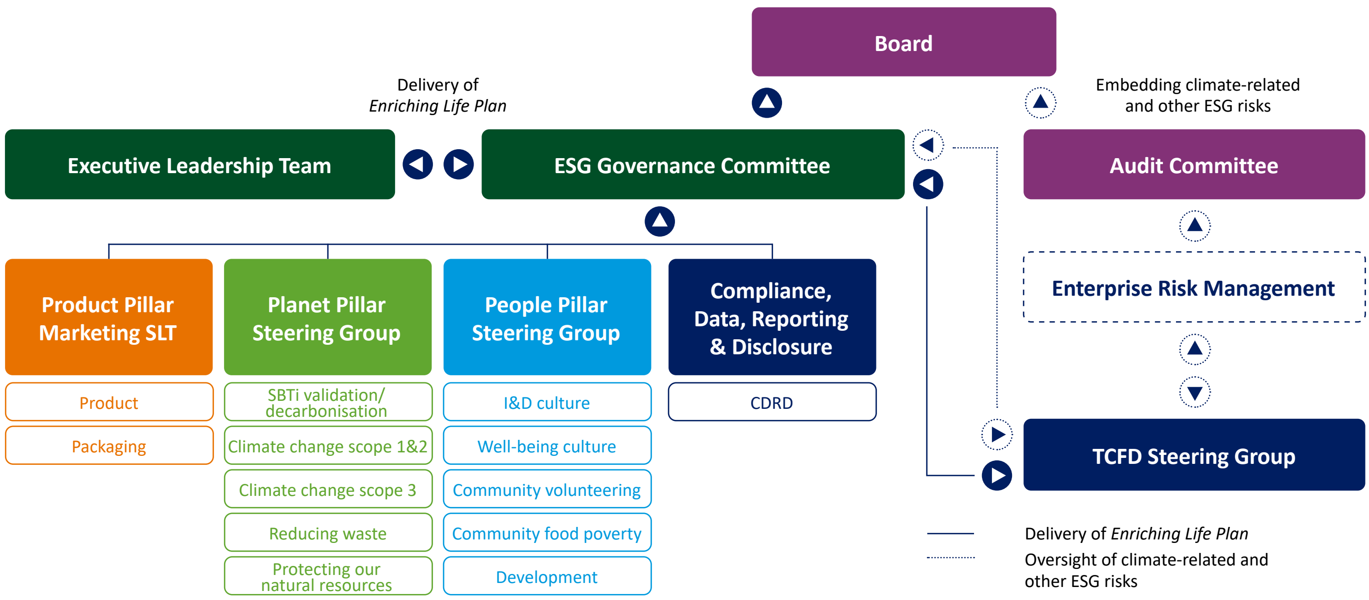
We believe everyone at Premier Foods plays a part in delivering our Enriching Life Plan. ESG sits at all levels of our business. Our Board has oversight of our strategy and our Enterprise Risk Management Processes ensure oversight of climate-related and other ESG risks (such as TCFD, biodiversity, deforestation, water and human rights).

Accountability for the delivery of our plan rests with our Executive Leadership Team (ELT) and our Steering Groups which report into our ESG Governance Committee, chaired by our CEO. The committee is made up of members of the ELT, who have responsibility for ensuring our Enriching Life Plan is embedded into how we do business, sponsoring steering groups which are led by members of our Senior Leadership Team (SLT). Our CEO and CFO both have the delivery of specific ESG targets in their remuneration. See the Directors' Remuneration Report for more information.

Our disclosure and reporting approach

Holding ourselves accountable against our targets is essential. We publish progress against our Enriching Life Plan annually and details can be found in our Enriching Life Plan disclosure tables from page 178. We remain committed to sharing our data and progress with industry platforms such as the UK Plastics Pact, Courtauld Commitment 2030, Champions 12.3 and the Carbon Disclosure Project (CDP). This year, we are also reporting against the SASB (Sustainability Accounting Standards Board) disclosure framework for the Food and Beverage sector which can be found on our website.

We are committed to accurate and transparent reporting. For the first time we have sought independent limited assurance procedures over selected FY22/23 performance indicators. For the details and results of these assurance procedures, see our Enriching Life Plan disclosure tables.



Our Products

Making nutritious and sustainable food

The product pillar of our Enriching Life Plan is dedicated to helping consumers lead healthier and more sustainable lifestyles by creating foods that are rich in nutrients, kinder to the environment and free of unnecessary or problematic packaging.

What's at stake?

The Health Survey for England in 2021 estimated that nearly 26% of adults are obese with a further 38% overweight and research from the British Nutrition Foundation shows that only 1% of the population follows a healthy, balanced diet.

The EAT-Lancet Commission advocates for a shift towards healthier and more plant-based foods to address the needs of a growing population in a world of finite resources.

In 2020, 12 million tonnes of packaging was placed on the market in the UK. Packaging plays a key role in the food industry and prevents food waste by delivering products to consumers safely. However, if poorly designed, excessively used, or irresponsibly disposed of, it can lead to a range of environmental and social issues.

Our ambitions, targets and progress

Our ambitions		Our 2030 targets	Our progress
Making nutritious and sustainable food	**Make great-tasting, healthier and more nutritious food**	More than double sales of products that meet high nutritional standards. More than 50% of our products (by stock keeping unit) provide additional health or nutrition benefits.	The company's branded sales of foods scoring less than 4, and drinks scoring less than 1, on the UK Department of Health's Nutrient Profiling Model has grown by 17%. The proportion of products with a health or nutritional benefit has increased from 40% to 43%.
	Support the nation's shift towards plant-based diets	£250m sales in plant-based products made to a vegan recipe. Each core range has a plant-based offering.	The sales of plant-based products have grown by 34%. Plant-based recipes have been launched for *Sharwood's* poppadoms and prawn crackers, Super Noodles, and *Mr Kipling* tarts and pies.
	Reduce the environmental impact of our packaging	100% of packaging to be reusable, recyclable or compostable by 2025. Reduce carbon impact of our packaging by 25% in line with our SBTi targets.	96% of all our packaging and 82% of our plastics packaging is now recyclable.

* See our Enriching Life Plan disclosure tables from page 178 for more information

CASE STUDY

Mr Kipling Deliciously Good cakes and pies

Our new *Mr Kipling* Deliciously Good cakes and fruit pies were launched in spring 2022, an innovation which delivers on our target of more than doubling sales of products meeting high nutritional standards. A UK first for the category, the Deliciously Good range not only scores less than 4 on the Nutrient Profiling Model used by the UK government, containing less sugar, saturated fats and salt, but importantly delivers more fruit and great flavours for shoppers. This culinary breakthrough is a fantastic example of our expert development chefs pushing boundaries and innovating to create even healthier versions of consumers' favourites.

Our contribution

Keeping our consumers at the heart of everything we do, we strive to democratise nutritious, affordable food and nudge consumers towards healthier and more sustainable diets.

- Over the last year we have launched or reformulated 207 products which support high nutritional standards and 172 products which offer an additional health and/or nutrition benefit.
- All of our top selling stock and gravy products have a 25% reduced salt option and a wide range of them also now offer a plant-based alternative.
- While we have increased our range of cooking sauces offering one of your 5 a day, we have also enhanced fibre levels where possible.
- In traditional HFSS food categories (classified as high in fat, sugar or salt), we successfully developed and launched non-HFSS alternatives, for example, *Sharwood's* poppadoms and prawn crackers.
- We launched six new foodservice products with increased vegetables in our *Sharwood's* and *Homepride* brands, supporting schools in preparing healthier and more sustainable meals. These products are fortified with vitamins C and D, while also providing a 'source of' or 'high in' fibre.
- We offer vegan-approved non-HFSS Indian Tikka and Korma variants.
- All single servings of cake and pudding products now meet the Government calorie cap, as set out in their sugar reduction programme's guidelines.

We believe it is important to collaborate with others to have a broader impact. In order to support an increase of fibre in the UK diet we have launched 30 new products with fibre content in line with criteria set out in the UK nutrition claim register, contributing to the Food and Drink Federation's 'Action on Fibre' initiative. We have also collaborated with retailers and others in the industry as part of the Consumer Goods Forum to share our experiences of developing and promoting healthier products.

Harnessing the power of our trusted brands, we are supporting our consumers who choose to transition towards more plant-based diets, by setting ourselves a target for each core range to offer a meat-free version. We have also recently launched exciting new options under our *Plantastic* brand.

We are continually working towards removing artificial colours and flavours from our brands and we do not add non-naturally occurring trans fats to our products. We also have a policy that we won't use Genetically Modified Organisms in our products.

Packaging plays a vital role in delivering products safely to consumers, but we also recognise the need to reduce its social and environmental impact. We are a founding member of the UK Plastics Pact and have a place on the steering group for the programme to help drive action across the industry. Supporting a circular economy, currently 96% of all our packaging and 82% of our plastics packaging is recyclable. We are also working to include more recycled content to reduce the need for virgin materials. All of our packaging will continue to carry OPRL (On Pack Recycling Labels) to help our consumers understand where they can recycle it and we will engage with industry and Government to help ensure the planned reforms to household recycling systems in the UK lead to increased recycling rates and reduced littering.

CASE STUDY

Supporting plant-based diets

Families and individuals eating meat-free main meals have increased by 33% in the last five years and with this trend set to continue we want to support consumers who wish to consume more plant-based products in their diets. We have therefore launched and reformulated 80 plant-based products through the year. Exciting new products from our *Plantastic* brand include *Plantastic* Protein Boost pots and Creamy Pasta sauces, which are also a source of protein and fibre, as well as being one of your 5 a day. We are also helping shoppers create nutritious meat-free versions of popular meals with *Paxo* meat-free Meatball and Burger mixes and meat-free gravy recipes from *Bisto*.

Our Planet

Contributing to a healthier planet

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

With strengthened commitments on tackling climate change and deforestation, improving the sustainability of farming practices and reducing waste, the planet pillar of our Enriching Life Plan contributes to a healthier planet by nurturing the natural resources that we rely on to make our food.

What's at stake?

"Climate change is the defining issue of our time, and we are at a crucial moment. From shifting weather patterns that threaten food production, to rising sea levels and rainfall that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale" (United Nations). Around 30% of greenhouse gas emissions globally are attributable to the food system – encompassing agriculture and land use, processing and transport, through to consumption and food waste. The food industry has a major role to play in helping the food system transition to a more sustainable, resilient future.

Our contribution

Our plan recognises the environmental impact of our operations and our wider supply chain. We have stepped up our actions limiting the effects of climate change and we are developing our resilience to climate change (see TCFD statement). We want to do more to protect natural resources through our supply chain and we are strengthening our efforts in tackling food waste.

We understand the need to act quickly and transform our ways of working and have answered the call from the United Nations to the business community to set bold and ambitious targets, joining 'Business Ambition for 1.5C°'. We have validated our 2030 decarbonisation targets with the Science-Based Targets initiative and through the year we have established site energy councils to drive the reduction in energy usage and carbon emissions in our sites. We continue to support the transition to clean electricity, strengthening our target to use solely renewable electricity by 2030, and embarking on our own transition developing investments for new generation capacity.

With a complex supply chain and operations, we have built on our first full greenhouse gas (GHG) footprint to identify our most important ingredients based on scale and carbon impact. As part of our work to drive the decarbonisation of our products, we have mapped the carbon commitments of our suppliers in these key sectors and also carried out a study into their resilience to the impacts of climate change. This is shaping developments in our procurement strategies. We are also disclosing, for the first time, our scope 3 emissions by category. We have sought independent limited assurance procedures over scope 1 and scope 2 location based GHG emissions for FY22/23. For the details and results of these assurance procedures, see page 178 in our Enriching Life Plan disclosure tables.

We recognise that we all need to protect the natural resources on which we depend. We are therefore tackling deforestation in the products we source which carry the greatest risks: palm, soy, beef, pulp and cocoa. We continue our work with the Roundtable on Sustainable Palm Oil (RSPO) and the Round Table on Responsible Soy (RTRS) to drive supply of sustainable commodities and are moving to Rainforest Alliance certification for our direct sourced cocoa. Closer to home, we're committed to regenerative agriculture where it can help us reduce the carbon emissions associated with the ingredients we use, improve their resilience to climate change and help protect natural resources which are at risk. To support this work, we have joined the Sustainable Agriculture Initiative (SAI) and The UK Water Roadmap, which is helping us to better understand the evolving science and to collaborate with other businesses.

Our sites have sent zero waste to landfill since 2016 and, as signatories to the Food Waste Reduction Roadmap and Champions 12.3, we have long worked on reducing food waste in our operations. This year has seen the development of a new partnership with FareShare (see Our People). As part of this collaborative action, we have identified further opportunities at our sites for the reduction of food waste in our processes. Where we do have waste, we have identified new routes for the redistribution of food which is fit for human consumption and have also started working with a new contractor who is helping us to divert waste not suitable for human consumption to animal feed. In order to support the reduction of food waste in the homes of consumers, we launched a new on-pack activity and website, helping raise awareness of the issues of food waste and giving practical recipe ideas for some of the most common leftovers.

Our ambitions, targets and progress

Our ambitions		Our 2030 targets	Our progress
Contributing to a healthier planet	**Taking action on climate change**	Develop validated Science-Based Targets aligned to 'Business Ambition for 1.5°C'. Reduce scope 1 and 2 emissions by 67% and target net zero by 2040. Reduce scope 3 emissions by 25% and target net zero by 2050.	Our targets have been validated by the Science-Based Targets initiative and we have strengthened our targets for the adoption of renewable electricity. Total energy usage reduced by around 6% against prior year and scope 1 and 2 market based emissions have reduced by 10% since 2020/21. Have mapped the carbon impact of all key suppliers and are developing plans to support their decarbonisation.
	Protecting our natural resources	Deforestation free and conversion free palm and beef supply chains by 2025, and across entire supply chain by 2030. Champion regenerative agricultural practices for key ingredients.	100% certified direct palm and soy and adopting Rainforest Alliance certified cocoa for direct purchases. Carried out climate change risk assessment on key commodities and sourcing regions to help prioritise our future sourcing practices. Joined the Sustainable Agriculture Initiative and UK Water Roadmap. Carried out training for key teams on the principles of regenerative agriculture. Mapped all key suppliers to understand their adoption of regenerative practices.
	Reducing waste across our value chain	Halve our food waste and support our suppliers to do the same. Make better use of food waste we do generate and redistribute 750 tonnes for human consumption each year. Use the strength of our brands to engage consumers, to reduce food waste in the home.	Food waste in our own operations reduced by 11%. Mapped the targets of our key suppliers. Launched two major on-pack activities to raise awareness of the issues of food waste and food poverty. Help raise funds for FareShare and provide recipe ideas to reduce food waste in the home.

* See our Enriching Life Plan disclosure tables from page 178 for more information

CASE STUDY

A Fresh Take on Food Waste

In September we launched our 'Fresh Take on Food Waste' campaign. Following work with WRAP to identify the most wasted foods in UK homes, we launched a website to help raise awareness of the issues of food waste and to give recipe ideas for people to use leftovers to make delicious, nutritious and affordable meals for all the family. Links to the website appeared on over three million packs of our *Loyd Grossman, Homepride and Sharwood's* cooking sauces and we worked with our retail partners to promote the initiative in-store, online, in retailer magazines and other trade media. The website was visited over 7,000 times.

Our People

Nourishing the lives of our colleagues and communities

Within our people pillar we are building the culture, skills and capabilities needed to help our business, the UK food sector and wider economy thrive in the future and give back to the communities where we operate.

What's at stake?

With a footprint in every region in the UK, the food and drink manufacturing industry employs nearly half a million people, and offers a wide range of opportunities for colleagues to build a fulfilling career. And, as inclusive teams make better business decisions 86% of the time and twice as fast, delivering 60% better results (Social Mobility Commission), everyone stands to benefit when we value and support talent with different backgrounds and identities coming into our business.

But disparities are increasing, and the cost of living crisis is felt across our communities with food poverty on the rise, as shown by the latest Food Foundation's Food Insecurity Index. As a food manufacturer, we have a responsibility to support and nourish the lives of our colleagues, our consumers and our communities.

Our contribution

We want our colleagues to thrive at work and aim for Premier Foods to be a place where everyone is welcome, feeling they can bring their true, authentic self to work every day. We are working towards becoming even more inclusive across the entire organisation, including bringing gender balance to senior leadership roles, through the introduction of a new sponsorship programme for diverse talent, as well as the continuation of our well-established mentoring programmes. This year, we ran two online recruitment campaigns for key roles to increase the applications from women, which contributed to an increase in female applicants from 36% to 41%. We also ran our #oktobeme diversity data survey for the second time to gain a better insight into the diversity of our teams, and saw a significant increase in the number of colleagues agreeing to take part in the survey, going from a 48% to a 76% response rate. We are developing tools to help our leaders to better understand and reflect the diversity of the communities in which we operate. Our Inclusion and Diversity (I&D) Ambassadors network continues to educate all colleagues, partnering with Stonewall, Trans in the City, Menopause Experts and Diversity in Grocery, which we were proud to sponsor again this year (for more see our values and culture section).

CASE STUDY

Championing thriving careers in the food industry

We're constantly looking out for opportunities to promote careers in the food industry. We are proud to work closely with Technicians.org and Gatsby Charitable Foundation who are dedicated to increasing the awareness of technician roles, and technical education pathways for 11–16-year-olds and their parents and teachers.

This year, as part of our National Apprenticeship week celebrations, four of our apprentice technicians produced videos for the Gatsby Foundation where they talked about their roles and experiences at Premier Foods.

We were also delighted to welcome our first two T-level students for placements with our IT teams as part of their Digital Support Services course. We're proud to have been early adopters of the Food and Drink Careers Passport, a new industry initiative which boosts the food and drink industry's image as an attractive and worthwhile place to work.

To support colleagues with their mental and physical well-being, we carried out wide-ranging assessments this year to help us better understand the health of our colleagues at two sites. Supported by Vitality, the organisation behind Britain's Healthiest Workplaces accreditations, we are pleased to have received Bronze accreditation for those sites. The pilot will now be extended to include three more sites over the next 12 months.

Our long-running apprentice and graduate programmes provide fantastic career development opportunities while helping us attract new talent and grow our existing colleagues. These programmes also play a critical role in addressing the skills gap faced by our industry, particularly in Science, Technology, Engineering and Mathematics (STEM) based roles. Our newly recruited Early Careers Advisor is developing partnerships with local schools and colleges to raise awareness of the opportunities in the industry, including those more likely to be from groups who wouldn't traditionally have considered a career in a food company. When we welcome colleagues into our business – no matter at what level – our Learning and Development programmes help them develop the confidence and skills to move up the career ladder. We're encouraging more of our colleagues to develop their careers into STEM roles and have mapped out the various opportunities which fit within this category to better signpost our colleagues.

We operate from 15 offices and sites across the country, endeavouring to be a caring partner for our colleagues and our local communities. We aim to be a force for good and volunteer our time and expertise to local causes linked to the issues of food poverty, employability and local environmental quality.

As a food manufacturer, we have an opportunity to help tackle the increasing issue of food poverty and in the past year have launched an innovative new five-year partnership with FareShare UK. This encompasses the reduction of food waste at our sites, increased redistribution of surplus stock, partnership campaigns with our retailers to amplify the charity's message and ambitions, and colleague engagement and fundraising. We provided the equivalent of 726,530 meals to support FareShare and other poverty relief charities. Our colleagues gave 270 days of volunteering and 96% of those asked said they had a much better understanding of the issues faced by our communities as a result.

In response to global disasters, and building on the donation we made last year to the British Red Cross Ukraine Humanitarian appeal, we have contributed £50,000 to their Disaster Relief Fund.

Our ambitions, targets and progress

Our ambitions	Our 2030 targets	Our progress
A diverse, healthy and inclusive culture	Gender balance for senior management.	46.9% of general management roles and 40.4% of senior management roles are held by females. Both increased from last year.
	Diversity KPIs to reflect regional demographics.	Internal diversity data capture increase from 48% to 76%.
	All sites achieve platinum level Health and Wellbeing accreditation.	Piloted programme at two sites achieving bronze accreditation at both.
A leading developer of people	Provide skills programmes and work opportunities for the young and excluded groups.	Apprenticeship and graduate programmes continue. We've supported 191 apprenticeships since 2017.
	75% of STEM vacancies filled by internal candidates.	Introduced new T-level placements with first students joining our IT team. 47 of our apprentices are currently in a STEM role.
	80% of colleagues feel they have opportunity to develop and grow.	Training academies being developed for each area of the business and now in place in Sales, Marketing, Finance and Procurement.
A caring community partner	Provide the equivalent of 1 million meals per year to those in food poverty.	Major new partnership with Fareshare. The equivalent of 726,530 meals donated to FareShare and other poverty relief charities.
	Be more of a force for good in our communities by volunteering at least 1,000 colleague days each year.	New volunteering policy launched – 270 days volunteered by our colleagues to charities and good causes.

* See our Enriching Life Plan disclosure tables from page 178 for more information

CASE STUDY

Our 'Win a Dinner, Give a Dinner' campaign was back, bigger and better for its second edition!

Collaborating with our retail and charity partner to contribute to our shared ambition to fight hunger and tackle food waste, our 'Win a Dinner, Give a Dinner' on-pack promotion is an example of our ambitious community work. The activation ran exclusively in Tesco stores across 10 million products, with the aim of donating the equivalent of 350,000 meals to our charity partner FareShare. The campaign gave away £10 Tesco vouchers for shoppers to buy a dinner for their family. For every 'dinner' claimed by a shopper we matched this with a £10 donation to FareShare and winners also had the choice to donate their £10 prize to FareShare.

It was supported by in-store and online media activity as well as a Tesco and Premier Foods first, a fully-branded end of aisle promotional feature in more than 580 stores throughout January, February, and March. Importantly, it raised awareness of FareShare's work to tackle food waste and food poverty.

Our baked-in behaviours

We are passionate about running our business in the right way and we have a strong set of principles to help us do that. We call them our baked-in behaviours.

As one of the UK's largest food producers with millions of consumers who enjoy our products, we are always working to ensure the quality and safety of the food we make. Our focus on safety extends to our colleagues and those in our supply chain, ensuring we source with care and from those who share our values. As part of our efforts to support healthier and more sustainable diets, we market our products responsibly to help consumers with their choices. While we drive forward our work on decarbonisation and global environmental issues, we never lose sight of our obligations to protect local environments around our sites. Underpinning our approach to all of these issues, is our commitment to do the right thing, in the right way.

To be clear about what we stand for in these areas and what we expect from our colleagues, suppliers and partners, we have a range of policies which we regularly review to ensure they reflect our drive for continuous improvement. Like the rest of our Enriching Life Plan, we link our policies, standards and technical procedures to leading industry and international standards and agreements where possible.

Many of these policies are publicly available and this year we've increased disclosure on our performance and progress on a broader range of key issues by adopting the Food and Beverage sector guidance from the Sustainable Accounting Standards Board (SASB). See our website for more information.

Baked-in behaviour	Our policies and standards	Our progress
Excelling in food quality	• Food safety and authenticity policies • GMO policy	• All sites awarded grade A or AA+ by BRC, or specific customer standards. • 61,085 tests at Premier Analytical Services covering food quality and authenticity. • Updated policies on food authenticity and food safety. • Founding member of Food Industry Intelligence Network (FIIN). • Food safety information included in new report following the Sustainable Accounting Standards Board (SASB) Processed Foods standard on our website. www.premierfoods.co.uk/Investors/Results-Centre/2022-2023.aspx
Being safe	• Health and Safety policy	• 100% of our sites accredited to ISO 45001. • The Board reviews health and safety performance at every scheduled Board meeting. • Lost Time Accidents ('LTA') rate of 0.14 per 100,000 hours worked. • Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR') rate of 0.09 per 100,000 hours worked, significantly better than the industry average (0.55). • Internal hazards and risks identification programmes 'Be Safe' and 'Total Observation Process' (TOP) remain internal priorities and include additional Health & Safety training to all colleagues.
Sourcing with care	• Modern slavery policy and statements • Ethical trading policy • Animal welfare policies	• 97% of our direct spend on ingredients, packing and packaging is with Sedex registered suppliers. • 69 physical audits completed over the last year at supplier sites. • 5 Sedex Members Ethical Trade Audits (SMETA) conducted in the last year. • Updated Ethical Trading policy. • Tier 1 Business Benchmark for Farmed Animal Welfare. • Moved to Rain Forest Alliance Cocoa. • Increased information included in new report following the Sustainable Accounting Standards Board (SASB) Processed Foods standard on our website.
Marketing responsibly	• Nutrition labelling • Marketing to children	• All our UK portfolio are labelled using the voluntary front-of-pack traffic light labelling scheme. 91.8% carry all five key pieces of nutrition data for energy, fat, saturates, sugars, salt with the remaining 8.2% carrying just the energy information due to space restrictions on the packaging. • Policy to not market to children under 16.
Protecting the environment	• Environmental policy • Zero waste to landfill	• 100% of our sites are accredited to ISO 14001. • Updated environmental policy along with palm, soy and packaging policies. • Zero waste to landfill. • Where present, hazardous waste is segregated on site and properly disposed of or treated by our waste contractors, as controlled under dedicated work procedures.
Doing the right thing	• Code of conduct • Anti-bribery and corruption policy • Colleague welfare and human rights policies • Political involvement policy	• Training rolled out to colleagues on GDPR, sanctions, anti-bribery and corruption, competition and corporate criminal offence. • 49 employee feedback forums 'Premier Voice' meetings held. • Training to targeted Procurement and HR colleagues on human rights in partnership with Future Food Movement. • Updated policies on Whistleblowing and money-laundering. • New political Involvement policy.

Task Force on Climate-related Financial Disclosures

Introduction and Compliance Statement

We recognise that climate change is one of the most pressing issues facing society, and our collective response over the next decade will determine how broad and deep the impacts of climate change will be. That's why we must continue to work collaboratively to make a greater positive impact. We see it as both a responsibility and an opportunity, to which we are committed to playing our part.

Our Enriching Life Plan lays out a bold set of targets, including our response to climate change; ensuring we play our role in the transition to a net zero future and how we can better prepare our business to adapt to the impacts of climate change.

In 2022, we made our first Task force on Climate-related Financial Disclosures (TCFD) statement, which explained our approach to the management of climate-related risks. This year we have strengthened our disclosures and consider it to be consistent with the listing requirements of LR9.8.6(8), save for the full disclosure of metrics and targets we use to assess climate-related risks and opportunities. These are partially disclosed as they are still under development as we strengthen our approaches to managing climate-related risks. The overall status of our work against the listing requirements is laid out in the table below.

Governance	Consistency	Status
1. Describe the Board's oversight of climate-related risks and opportunities.		Aligned, we have disclosed our approach to Board oversight and management's role in assessing climate-related risks.
2. Describe the management's role in assessing and managing climate-related risks and opportunities.		

Strategy	Consistency	Status
3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.		Aligned, we have assessed the most important risks of climate change identified through our risk assessment processes and disclosed the findings. We have disclosed where these risks impact our business strategy. We have modelled the financial impact of the physical risks associated with the sourcing of key ingredients and changes in demand for our products against a range of climate scenarios. Where relevant we have included the impacts in our financial reporting. We will continue to monitor and develop our understanding of these and other emerging risks and updates will be included in future disclosures.
4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.		
5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		

Consistency

- Not consistent
- Partially consistent
- Consistent

Risk Management	Consistency	Status
6. Describe the organisation's processes for identifying and assessing climate-related risks.		Aligned, we have disclosed how climate-related risks and opportunities are identified, assessed and managed through our Enterprise Risk Management process.
7. Describe the organisation's processes for managing climate-related risks.		
8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.		

Metrics and Targets	Consistency	Status
9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with strategy and risk management process.		Partial alignment. We disclose our full scope 1, 2 and appropriate scope 3 greenhouse gas emissions. We disclose the metrics and targets we currently have to guide our other actions. Following our more detailed risk modelling work, we are refining the metrics and targets we will use to manage the risks associated with the operational resilience of our sites and the impact of climate change on the availability of key commodities. These will be published in our next disclosure.
10. Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.		
11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		

Governance

The Board has overall accountability for our ESG strategy, the Enriching Life Plan, and climate-related risks. The Board receives presentations twice a year on the business' progress on our Enriching Life Plan and receives updates in the form of dashboard reports on key performance and projects every time they meet. These updates include progress on the adoption of the recommendations of the Task Force for Climate-related Financial Disclosures.

Members of the Board have experience from several consumer goods and retail companies, and Government departments with strong track records on climate change and sustainability. Colin Day, the Chair of our Board is a board member at the Department for the Environment and Rural Affairs (DEFRA), chairing the DEFRA Audit and Risk Assurance Committee. Helen Jones is also the chair of the Sustainability Committee at Halfords plc and Roisin Donnelly is a member of the Sustainable Business Committee at NatWest Group plc.

Climate risks are reviewed by the Audit Committee as part of the risk management process conducted twice a year, and subsequently presented to the Board. Climate risks and ESG matters have also been embedded into the annual review and approval of the Group's five-year strategic plan and budget approval process, and are taken into account by the Board when making key decisions as part of its responsibility to consider matters under Section 172 of the Companies Act. An example of this is the assessment of the future options for our Knighton plant and the investments required to bring it up to the standards needed to meet our Enriching Life Plan targets.

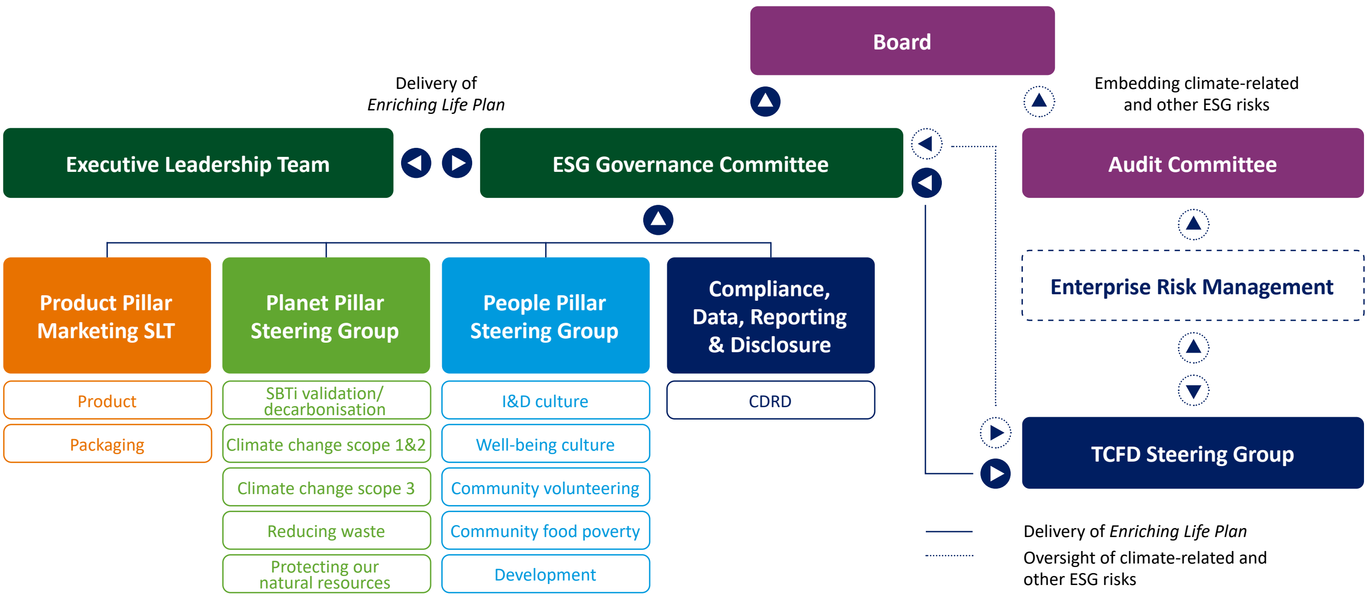
The governance structure (see next page) ensures that climate-related and other ESG risks are embedded into the Company's Enterprise Risk Management processes which are reviewed by the Board's Audit Committee. A TCFD steering group has been established under the leadership of the CFO, to support the adoption of the framework. The steering group ensures climate-related risks are properly included in our Enterprise Risk Management process and directly updates the Board's Audit Committee. The adoption of the requirements of TCFD forms part of the remuneration of the CFO.

Day-to-day responsibility for managing climate-related, and other ESG, risks is delegated to our ESG Governance Committee. Our ESG Governance Committee is chaired by our CEO and made up of relevant members of the Executive Leadership Team (ELT), including the CFO and Corporate Affairs and ESG director. The group meets six times a year and is

Task Force on Climate-related Financial Disclosures

responsible for managing all ESG risks. The ESG Governance Committee also includes our ESG director and subject matter experts from across the business. Actions taken by the Group during the year include the review of climate-related risks and this TCFD statement, approval of our submission for validation of our decarbonisation targets to the Science-Based Targets initiative (SBTi), a review of learnings from the impacts of the extreme weather experienced in the summer of 2022, the approval of our new renewable electricity sourcing policy, reviewing the outputs from our new site energy committees and the approval of key decisions in our procurement strategy to increase the sourcing of commodities from certified environmental and social schemes. During the year we held an externally facilitated training session on 'climate-related risk and disclosure' for the TCFD steering group. A number of our key colleagues involved in risk management and areas identified with specific climate-related risks also attended this training session.

→ **See the Risk management section for more information on our Enterprise Risk Management process.**



Strategy

We are proud to manufacture the majority of our products in our own dedicated factories across the UK, serving a number of commercial channels through a range of different routes to market. These local operations mean we can expect our own business to be affected by the physical and transitional impacts of climate change in the UK. As a food manufacturer, our business relies on a wide range of raw materials, ingredients and packaging items and, while much of this is locally sourced, there are a number of complex international supply chains. These international supply chains, along with our commercial expansion into new markets, mean we will also be impacted by the global effects of climate change. We will therefore need to prepare our business for a range of physical and transitional effects of climate change, both locally and internationally, which will represent both risks and opportunities for the organisation over the short, medium and long term.

We have carried out a number of risk identification workshops with colleagues from across our business which have identified a number of different risks and opportunities as a result of climate change. In response to the requirements of TCFD, we have prioritised these risks by likelihood and impact, dividing climate risk into two broad categories – physical risk relating to extreme weather events and long-term chronic shifts in global temperatures and precipitation levels, and transition risk relating to changes in regulation, pricing, consumer and customer demand changes and reputational damage. Over the last two years, we have worked with external agencies to accelerate our understanding of these risks to our business. As part of this process, we have conducted climate risk training and workshops with key business functions including our sales, marketing, procurement and finance teams. Engaging key stakeholders, these workshops involved building our knowledge of climate-related issues to project future risks and opportunities. The output culminated in the identification of six key physical and transition risks and opportunities which had the largest potential impact on our business strategy. Further assessment was carried out to develop our understanding of the risks. To support this analysis three scenarios were considered and are summarised in the following table.

Early Policy Action: Smooth Transition	Late Policy Action: Disruptive Transition	No Policy Action: Business as Usual
There is early decisive action within society to reduce global emissions, as well as coordinated policy action towards a low carbon economy. The outcome of this scenario is action sufficient to limit global warming to well below 2°C, aligned to the Paris Agreement.	There is a delay in implementing the policy response required to reduce global emissions. The outcome of this scenario is action sufficient to limit global warming to around 2°C.	This scenario highlights the global impact of a failure by governments to introduce policy interventions to limit global emissions. Under this scenario we see global temperatures increase to above a 3-4°C level of warming.
Physical Climate Change Pathway* RCP2.6	**Physical Climate Change Pathway*** RCP2.6	**Physical Climate Change Pathway*** RCP8.5
Policy landscape** Delivery of stated UK Government policy landscape in the next five years. Strengthened, but well-planned, policies for industrial and agricultural decarbonisation from 2028 onwards.	**Policy landscape**** Delivery of stated UK Government policy landscape in UK in the next 5-10 years. More severe policy response from around 2033, to compensate for delayed action.	**Policy landscape**** Delivery of stated UK Government policy landscape in UK in the next 5 -10 years. Disjointed and ineffective policy response from around 2033.
Commercial and consumer landscape The Science-Based Targets initiative is widely adopted by our customers and they encourage suppliers to make progress using commercial arrangements. Consumers increasingly seek out products with sound environmental credentials. Credible product information is available to support consumer choices.	**Commercial and consumer landscape** The Science-Based Targets initiative is widely adopted by our customers and they encourage suppliers to make progress using commercial arrangements. Consumers increasingly seek out products with sound environmental credentials. Some product information is available to support consumer choices.	**Commercial and consumer landscape** The Science-Based Targets initiative is adopted by many of our customers and they encourage suppliers to make progress using commercial arrangements but divergence in approach. Consumers increasingly seek out products with sound environmental credentials. Some product information is available to support consumer choices.

* Representative concentration pathway as laid out by the International Panel on Climate Change (IPCC).
** While the business is impacted by EU and local legislation, the UK policy framework is most important given the significance of the UK market in our revenues and as the location of much of our manufacturing base.

Risk assessment was carried out as follows;

- Modelling of the physical risks associated with the availability of key ingredients covered 10 key ingredients accounting for 54% of purchased ingredients by spend and included those with the most reliance on specific sourcing regions. This analysis considered the impact of climate change over the next 20 years.
- Modelling of the commercial risks associated with changing consumer behaviours covered all our current product sales in the UK over the next 30 years.
- The assessment of transition risks covered the next 10 years based on the uncertainty associated with long-term future policy frameworks.

In all scenarios and for all risks, specific consideration was given to the next five years as it is the period covered in our business strategy cycle and therefore key financial planning, statements and disclosures. To align with our enterprise risk management and materiality processes, risks were assessed to determine whether they reached the criteria of a potential risk of greater than £5m in any year in the period of the business strategy cycle.

The outcomes of this analysis, along with our mitigating actions and our overall resilience are summarised in the following table.

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Physical Risks

Key physical risks	Unmitigated risk	Time horizon: Next 5 years	6-10 years	More than 10 years
Disruption to our operations as a result of acute extreme weather events.	The most significant risk to our sites comes from flooding as a result of intense localised rainfall. Our Lifton site was previously identified as being at risk of flooding from a river bordering the site but investments have already been made to mitigate this risk. The extreme weather experienced during the summer in 2022 helped us identify processes and infrastructure which will be increasingly vulnerable to higher localised rainfall and higher temperatures. In some circumstances these necessitated temporary changes to working practices in order to maintain production.			
Changes in the availability, price or quality of key ingredients, as a result of more extreme weather events or chronic changes in climate in sourcing regions.	We have already seen some supply challenges in summer 2022, as a result of the extreme weather experienced in several supply regions. This has been a contributing factor to price inflation across the food industry and has necessitated working with a wider range of suppliers to meet product demand and in some cases, contributed to an increase in pricing of products. Our analysis of our eight largest commodities by volume and two key ingredients with a known limited supply region, shows that many would expect to see an increase in long-term yields as a result of physical impacts of climate change, however, we have identified one commodity with a local yield risk in the short-term and three commodities with local yield risks in the medium to long-term which we will address through our procurement strategies.			

Transition Risks

Key transition risks	Unmitigated risk	Time horizon: Next 5 years	6-10 years	More than 10 years
Financial impact of increasing energy costs and carbon pricing.	In all climate scenarios, we assume increases in the pricing of electricity and gas. This is driven by many factors including, but not limited to, the policies adopted by governments to address climate change. This will impact our own energy prices and also that of suppliers, who will likely seek to recover some of those costs.			

Time Horizon Key: Smooth transition | Disruptive transition | Business as usual

Addressed in our business strategy	Mitigating actions as part of our strategic planning	Outcome
Supply chain investment	**Protecting key infrastructure** Investments in flood protection were made at Lifton in 2021 and a review of drainage is being carried out at our Worksop site. Following a review, all sites have strengthened their site extreme weather protocols, including local site investments to improve local resilience. We have developed our arrangements with insurance partners to reduce and mitigate financial risk in the event of future issues.	In all scenarios we do not deem this mitigated risk reaches the threshold for materiality in the period covered in our business strategy cycle.
Supply chain investment	**Supplier collaboration and R&D** We have developed a quantitative yield impact tool with a third party which we will monitor regularly. We are working closely with suppliers of those commodities identified as at a yield risk to understand their resilience and mitigation plans. These include sourcing key commodities from other regions, and in some cases product reformulation to broaden the range of ingredients we can use in our products. We seek to minimise the cost of these actions although in some cases it may be necessary to include price increases in our commercial strategy. Our programmes to improve ingredients' yields and reduce food waste in our own operations will also contribute to our resilience. We are developing new metrics and targets to guide this work.	In all scenarios we do not deem this mitigated risk reaches the threshold for materiality in the period covered in our business strategy cycle.

Addressed in our business strategy	Mitigating actions as part of our strategic planning	Outcome
Supply chain investment	**Energy efficiency, low carbon electricity and procurement models** We have invested in metering equipment to better understand electricity usage, and have developed site energy councils to drive short and long-term efficiency and decarbonisation plans. Our business strategy cycle includes investment in low carbon electricity generation on our sites, and we have a range of procurement mechanisms to reduce the risks associated with energy pricing.	In all scenarios we do not deem this mitigated risk reaches the threshold for materiality in the period covered in our business strategy cycle.

→ Continue on the next page

Task Force on Climate-related Financial Disclosures

CLIMATE-RELATED DISCLOSURES | CONTINUED

Transition Risks

Key transition risks	Unmitigated risk	Time horizon		
		Next 5 years	6-10 years	More than 10 years
Evolving legislation and regulation could lead to increased business complexity and forced changes in key business processes.	Premier Foods operates in a complex regulatory landscape, set by governments and often influenced by their adoption of global frameworks. Current UK legislation is focused on disclosure and understanding risks which, while increasing reporting obligations, will not have material impact on our operations. Governments do have stated policies to support the transition to a low carbon economy, which will encourage the adoption of new technology and energy sources for manufacturing and transport.			

Commercial Opportunities and Risks

Key commercial opportunities and risks	Unmitigated risk	Time horizon		
		Next 5 years	6-10 years	More than 10 years
Changes in consumers' demand for our products, in the event of changing weather patterns.	Premier Foods produces, markets and distributes a range of products that are consumed in a variety of situations. Consumption of food and drink varies as a result of weather and many of our products have a seasonal demand pattern. Changes in the climate will alter seasonal patterns and, therefore, may change the demand for different types of products. This represents both a risk and an opportunity for Premier Foods, with demand for products traditionally consumed in autumn and winter, potentially under threat from shorter and less severe cold weather, and products consumed in hotter weather, potentially able to exploit increased opportunities from longer and hotter summers.			
Commercial opportunities from supporting customers' and consumers' demands for more sustainable products.	Many of our major customers have their own science-based targets to tackle climate change and have developed strategies to encourage decarbonisation and resilience in their supply chains. These strategies could include the rewarding of positive progress through supplier financing terms, product listings, or collaborative projects. There is also a risk that retailers could penalise suppliers who are not making sufficient progress on addressing issues in their own products and services.			

Time Horizon Key: Smooth transition | Disruptive transition | Business as usual

Addressed in our business strategy	Mitigating actions as part of our strategic planning	Outcome
Supply chain investment	**Horizon scanning on upcoming legislation and emerging technology** We have strengthened our ESG risk assessment and disclosure standards to prepare for upcoming reporting requirements. Our Compliance and Reporting working group reviews upcoming legislation twice a year to include in our functional plans. Our engineering team reviews emerging low carbon technology and programmes to support their adoption, for suitability in our applications.	In all scenarios we do not deem this mitigated risk reaches the threshold for materiality in the period covered in our business strategy cycle.

Addressed in our business strategy	Mitigating actions as part of our strategic planning	Outcome
Continue to grow in the UK core Expand UK into new categories Build international businesses with critical mass Inorganic opportunities	**Commercial planning and category expansion** By understanding the factors which impact consumers' purchasing decisions, we are well placed to manage the risk of reduced demand for products at specific times. Our commercial strategy includes expansion into new categories, many of which have different use occasions and are more suitable for warmer weather. Recent examples include *Mr Kipling* ice cream and products for meals more common in the summer such as barbecues.	When considering this risk (excluding the associated opportunities), we do deem that this mitigated risk could reach the threshold for materiality in the period covered in our business strategy cycle and it has therefore been considered in our viability statement.
Continue to grow in the UK core Expand UK into new categories Build international businesses with critical mass Inorganic opportunities	**Strengthening the sustainability credentials of our products and collaboration** Our Enriching Life Plan lays out a wide range of ways in which we are improving the sustainability credentials of our products. Many of these are well aligned to the objectives of our customers. We monitor consumer sentiment to understand the factors which are most important in purchase decisions and are well placed to respond to those opportunities. One particular opportunity is consumers' increasing demand for plant-based products, which is a key part of our commercial plans.	In all scenarios we do not deem this mitigated risk reaches the threshold for materiality in the period covered in our business strategy cycle.

Task Force on Climate-related Financial Disclosures

Risk Management

Climate-related risks are identified and managed through our established Enterprise Risk Management framework to identify, assess, mitigate and monitor the key risks we face as a business. The risk management framework is used to inform our principal, watch list and emerging risks. Our Internal Audit and ESG teams work closely to update our principal risks as they relate to climate change and climate change is considered as a principal risk. We have taken steps to more formally integrate the identification of climate-related risks into our existing functional risk logs including training and new templates to ensure their inclusion.

→ **See the Risk management section for more information.**

Response strategies are developed for the key risks identified across the business. We use these to define controls and monitor metrics. This will ensure that the appropriate decisions on mitigating, transferring, accepting or controlling the climate-related risks are made. Risk owners from the ELT are assigned and are responsible for embedding our response to risk-related issues in our business strategy.

All key risks are reviewed with risk owners, on a bi-annual basis, to assess and understand the evolution of the risk, and whether our current risk management controls are sufficient. Outputs of this work are then included in the Risk management sections of each annual report.

Metrics and Targets

Our performance reducing greenhouse gas emissions and progress against our science-based targets are key metrics to help us understand our management of climate-related risks and opportunities. A full review of our energy consumption and greenhouse gas emissions data in line with the UK Government's Streamlined Energy and Carbon Reporting ('SECR') regulations can be found on page 48. In addition, there are a range of other key environmental and commercial performance measures linked to our management of climate-related risks and opportunities which are shown in the table below. Many of these, and other important performance indicators, can be found in our Enriching Life Plan disclosure tables from page 178 and our Sustainable Accounting Standards Board (SASB) disclosure on our website. www.premierfoods.co.uk/Investors/Results-Centre/2022-2023.aspx

Key physical risks	Metrics	Target (2030 unless otherwise stated)
Disruption to our operations as a result of acute extreme weather events.	• Our operational performance and service levels. (Internal measure) • Climate risk score assessing exposure to climate-related risks at our sites provided by our insurance partner. (Internal measure)	• Delivery of our site infrastructure plans. • Target for reduction in climate risk score at our sites under development for update in next statement.
Changes in the availability, price or quality of key ingredients, as a result of more extreme weather events or chronic changes in climate in sourcing regions.	• Quantitative yield forecast tool developed with third party to understand local and global impact of physical climate change. (Internal measure) • Our approach to champion regenerative agricultural practices for key ingredients. (Currently under development for update in next statement)	• Target for reducing exposure to yield loss under development for update in next statement. • Champion regenerative agricultural practices for key ingredients. • Halve our food waste and support our suppliers to do the same.

Key transition risks	Metrics	Target (2030 unless otherwise stated)
Financial impact of increasing energy costs and carbon pricing.	• Scope 1, 2 and 3 emissions. (Disclosed below) • Energy usage. (Disclosed below)	• Reduce scope 1 and 2 emissions by 66.8% and reduce our scope 3 emissions by 25% by 2030 (against a 2020 baseline). These targets have been validated by the Science-Based Targets initiative • Net zero in our own operations by 2040 and in our total supply chain by 2050.
Evolving legislation and regulation could lead to increased business complexity and forced changes in key business processes.	• Packaging usage and recyclability. (Disclosed in our Enriching Life Plan disclosure tables) • Food Waste. (Disclosed in our Enriching Life Plan disclosure tables) • Certification status of key commodities addressing environmental and social risks. (Disclosed in our Enriching Life Plan disclosure tables)	• Ensure 100% of our packaging is reusable, recyclable or compostable by 2025. • Halve our food waste and support our suppliers to do the same. • Zero deforestation and conversion free palm and meat by 2025, and across the whole supply chain by 2030.

Key commercial opportunities and risks	Metrics	Target (2030 unless otherwise stated)
Changes in consumers' demand for our products, in the event of changing weather patterns.	• Internal tool to assess the impact of climate change on the consumption of products in key categories. (Internal measure)	• Expand UK into new categories – ongoing.
Commercial opportunities from supporting customers' and consumers' demands for more sustainable products.	• Sales of plant-based products. (Disclosed in our Enriching Life Plan disclosure tables) • Core product category with plant-based offerings. (Disclosed in our Enriching Life Plan disclosure tables) • Packaging usage and recyclability. (Disclosed in our Enriching Life Plan disclosure tables) • Certification status of key commodities addressing environmental and social risks. (Disclosed in our Enriching Life Plan disclosure tables) • Customer feedback and consumer insight. (Internal measure)	• Expand UK into new categories – ongoing.

Task Force on Climate-related Financial Disclosures

2022/23 Streamlined Energy and Carbon Reporting

Premier Foods' Greenhouse Gas (GHG) emissions are calculated and reported based on 'The Greenhouse Gas Protocol: GHG Protocol: A Corporate Accounting and Reporting Standard – Revised Edition' (GHG Protocol) and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard', setting our boundaries to include all key requirements and following an operational control approach. More information can be found in our Enriching Life Plan disclosure tables from page 178 and in our reporting criteria www.premierfoods.co.uk/CorporateSite/media/documents/sustainability/Premier-Foods-reporting-criteria-for-specified-ESG-performance-metrics-2022-23.pdf

All of our energy use is based in the UK, we have no manufacturing or office facilities under our control outside of the UK and as such, our Streamlined Energy and Carbon data below is all UK based.

	2021/22	2022/23
Production output and energy usage		
Production output (tonnes)	333,260	305,449
Total Energy Usage (MWh)	275,577	Ⓐ 259,555
Energy usage intensity (MWh/t)	0.83	0.85
Scope 1 and 2 Greenhouse Gas Emissions		
Scope 1 Greenhouse Gas Emissions (tCO_2e)	37,621	Ⓐ 36,668
Scope 2 Greenhouse Gas Emissions – location-based (tCO_2e)	18,567	Ⓐ 15,081
Scope 2 Greenhouse Gas Emissions – market-based (tCO_2e)*	227	28,961
Total Scope 1 & Scope 2 Greenhouse Gas Emissions – location-based (tCO_2e)	56,188	Ⓐ 51,749
Total Scope 1 & Scope 2 Greenhouse Gas Emissions intensity – location-based (gCO_2e/Kg)	168.6	169.4
Total Scope 1 & Scope 2 Greenhouse Gas Emissions – market-based (tCO_2e)*	37,848	65,629
Total Scope 1 & Scope 2 Greenhouse Gas Emissions intensity – market-based (gCO_2e/Kg)	113.6	214.9
Scope 3 Greenhouse Gas Emissions**		
Scope 3 Greenhouse Gas Emissions associated with Purchased goods and services (tCO_2e)		807,319
Scope 3 Greenhouse Gas Emissions associated with Upstream transport and distribution (tCO_2e)		34,960
Scope 3 Greenhouse Gas Emissions associated with Downstream transport and distribution (tCO_2e)		6,930
Scope 3 Greenhouse Gas Emissions associated with Other relevant scope 3 emissions (tCO_2e)***		56,286
Total Scope 3 Greenhouse Gas Emissions (tCO_2e)**	**983,117**	**905,495**

* Scope 2 Greenhouse Gas Emissions - market based (tCO_2e) for prior year has been restated to reflect more accurate emissions data. For more information see our Enriching Life Plan disclosure tables.

** Scope 3 Greenhouse Gas Emissions are based on 2022 calendar year and were only disclosed at a total level in prior year. The approach has been updated and the prior year data has been restated. For more information see our Enriching Life Plan disclosure tables.

*** Includes: capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, and the end-of-life treatment of sold products (packaging). For more information see our Enriching Life Plan disclosure tables.

Independent assurance

PricewaterhouseCoopers LLP ('PwC') has performed an Independent Limited Assurance engagement on selected balances within the 2022/23 data, shown with the symbol Ⓐ, in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The Independent Limited Assurance Report can be found at www.premierfoods.co.uk/SpecialPages/ESG-Disclosure-Assurance-Report. Our Methodology Statement – the basis on which the KPIs are calculated and on which the limited assurance is given - can be found at www.premierfoods.co.uk/CorporateSite/media/documents/sustainability/Premier-Foods-reporting-criteria-for-specified-ESG-performance-metrics-2022-23.pdf

Principal energy efficiency measures taken in FY22/23

As part of our Enriching Life Plan, we have set bold new targets to decarbonise our own operations and support our suppliers to do the same. Energy efficiency is a crucial element of this plan and we have launched a 'Smart Energy' programme under the leadership of our Operations director. The programme coordinates the organisation's work on energy efficiency through site energy councils who are driving short-term behavioural and operational improvement programmes. Our engineering team is driving long-term investments in new processes and equipment. Investments in this year include boiler upgrades, compressor renewals and investments to improve the efficiency of our ovens, along with a continuation of our LED lighting programme and changes to distribution infrastructure to facilitate more efficient vehicle loading and utilisation.

Both energy use and associated CO_2e emissions are monitored monthly through our internal environmental reporting and we are improving the quality of available information by investing in metering equipment. This will allow us to more clearly identify improvement opportunities and prioritise them based on their potential benefits.

Operating and financial review

Once again, the business has delivered a year of strong performance in a challenging environment with Group revenue increasing by 11.8%. Our brands grew strongly, up 9.1%, and Trading profit increased by 11.5%, as we successfully offset exceptionally high input cost inflation through a combination of cost efficiencies and pricing.

Financial results

Overview

£m	FY22/23	FY21/22	% change
Branded revenue	844.2	774.1	9.1%
Non-branded revenue	162.2	126.4	28.3%
Group revenue	**1,006.4**	**900.5**	**11.8%**
Divisional contribution[2]	216.2	193.6	11.7%
Divisional contribution margin	21.5%	*21.5%*	*0.0ppts*
Trading profit[1]	**157.5**	**141.2**	**11.5%**
Trading profit margin	15.7%	*15.7%*	*0.0ppt*
Adjusted EBITDA[3]	182.3	160.4	13.7%
Adjusted profit before tax[4]	137.2	121.4	13.0%
Adjusted earnings per share[7] (pence)	12.9	11.5	12.7%
Basic earnings per share (pence)	10.6	9.0	17.8%

The table above is presented including the impact of *The Spice Tailor* acquisition. A reconciliation excluding *The Spice Tailor* is included in the appendices.

Group revenue increased by 11.8% in the year, with branded revenue up 9.1% and non-branded revenue 28.3% higher. Revenue growth of 6.6% in the first half of the year accelerated to 15.8% in H2. Divisional contribution grew by 11.7% to £216.2m, with margins in line with the prior year and Trading profit increased by 11.5% to £157.5m. Group and corporate costs rose in the year, reflecting wage and salary inflation, additional strategic roles and a provision release in the prior year. The Company also paid one-off cost of living payments to colleagues and awarded a bonus to all colleagues in the year. Trading profit also included other income of £3.8m reflecting a receipt following a temporary interruption at a manufacturing site, in compensation for equivalent revenue and cost of sales impact presented within Gross profit. Adjusted profit before tax and adjusted earnings per share increased by 13.0% and 12.7% respectively. Basic earnings per share for FY22/23 increased by 17.8% to 10.6p. The results above include seven month's ownership of *The Spice Tailor.*

Trading performance

Grocery

£m	FY22/23	FY21/22	% change
Branded revenue	635.3	560.1	13.4%
Non-branded revenue	111.5	87.6	27.3%
Total revenue	**746.8**	**647.7**	**15.3%**
Divisional contribution[2]	189.2	160.2	18.1%
Divisional contribution margin	25.3%	*24.7%*	*+0.6ppts*

The table above is presented including the impact of *The Spice Tailor* acquisition. A reconciliation excluding *The Spice Tailor* is included in the appendices.

Grocery revenue increased by 15.3% in the year to £746.8m and Branded revenue grew by 13.4% to £635.3m. Non-branded revenue increased by £23.9m to £111.5m. Divisional contribution was 18.1% higher at £189.2m and consequently, divisional contribution margins increased by 60 basis points.

In the fourth quarter, Grocery revenue increased by 24.7%, with very strong growth in both branded and non-branded revenue, reflecting pricing and benefits of the branded growth model across the portfolio. Market share[13] grew by 64 basis points across the year, illustrating the strength and resilience of the Group's portfolio as consumers budgets came under pressure. Non-branded revenue grew due to pricing benefits in retailer branded product categories and recovery in out of home sales compared to the prior year.

The Group's branded growth model leverages the strength of its market leading brands, launching insightful new products, supporting the brands with emotionally engaging advertising and building strategic retail partnerships. During the year, the Group expanded investment in its 'Best Restaurant in Town' campaign, which highlights great value meal ideas across the Grocery portfolio. This strategy has driven 5.3% compound annual branded revenue growth for the combined UK Grocery and Sweet Treats businesses over the last three years (this excludes revenue related to *The Spice Tailor*).

Revenue growth of *Batchelors* and *Nissin* noodles ranges were particularly strong in the year, as consumers sought convenient, tasty and affordable meal solutions across the respective product ranges. Consequently, *Batchelors* is now the Group's largest Grocery brand by revenue. New product development, driven by key consumer trends included *Sharwood's* East Asian cooking sauces, *Batchelors* pasta 'n' sauce chef specials, *Ambrosia Deluxe* custard pots and *Plantastic* cooking sauces and protein pots.

Strong, collaborative partnerships with customers is another key element of the Group's branded growth model. *Ambrosia* and *Angel Delight* teamed up with the Minions to deliver great instore activity in conjunction with on pack offers to win cinema tickets. Additionally, *Batchelors* continued to partner with the DC Warner Brothers Superhero franchise to offer consumers the opportunity to win prizes. These are both pertinent examples of driving volume uplifts with retail customers leveraging the strength of the Group's brands and the respective franchise partners.

Operating and financial review

CONTINUED

Another of the Group's growth strategies is to leverage its strong brand equities to expand into adjacent categories. Revenues from products launched in new categories increased by 33% in the year and was led by a particularly good performance from *Ambrosia* porridge pots. This product benefits from being ready to eat with the distinctive creamy texture characteristic of *Ambrosia*. The 'on the go' porridge pot market is a high growth category, and *Ambrosia* porridge succeeded in gaining over 10% value share in certain major retailers.

The Group acquired *The Spice Tailor* brand in the year. Complementing the *Sharwood's* and *Loyd Grossman* brands in the cooking sauces and accompaniments category, *The Spice Tailor* grew revenue by 25% on a 12 months pro forma basis, to £17m in FY22/23, in line with expectations and ahead of its historical growth rate.

New product development for FY23/24 include *Loyd Grossman* stir in sauces, *Sharwood's* lower fat curry pastes and *Batchelors* cook with noodles.

Sweet Treats

£m	FY22/23	FY21/22	% change
Branded revenue	208.9	214.0	(2.4%)
Non-branded revenue	50.7	38.8	30.5%
Total revenue	**259.6**	**252.8**	**2.7%**
Divisional contribution[2]	27.0	33.4	(19.2%)
Divisional contribution margin	*10.4%*	*13.2%*	*(2.8ppt)*

Revenue in the Sweet Treats business grew by 2.7% in the year. Branded revenue was £208.9m, (2.4%) lower than the prior year, while non-branded revenue increased by 30.5% to £50.7m. The particularly strong growth in non-branded revenue of 30.5% was due to pricing benefits of existing ranges and contract wins in pies and tarts and seasonal ranges. In the fourth quarter, overall revenue growth was similar to the full year, with revenue growing by 2.9%. Branded revenue showed an improving trend compared to the third quarter and non-branded grew by over 60% versus the prior year.

Divisional contribution was £27.0m in the year, £6.4m lower than FY21/22. While divisional contribution margins of 10.4% were 2.8 percentage points lower than the prior year, they were 1.1 percentage points higher than two years ago. Revenue growth reflected pricing to help recover input cost inflation, partly offset by lower volumes due to lower promotional activity, especially in the first half of the year and some price elasticity effects which we expect to recover over the coming months. In the second half, Sweet Treats was also affected by some unscheduled maintenance of a *Cadbury* cake plant line which impacted Divisional contribution in the year.

The *Mr Kipling* brand launched a new, non-HFSS (non-high in fat, salt & sugar) cake range called 'Deliciously Good' in the year, which received a good response from consumers. This new range is a clear demonstration of how the Group is delivering against the Group's 'Enriching Life Plan' ESG strategy and offers consumers further options to support healthier lifestyles. The product range is made with 30% less sugar and lower fat and benefits from a higher content of fibre and fruit compared with the standard *Mr Kipling* range. These cakes are the only full range which can be promoted on end of aisles and at front of store in large supermarkets, under new legislation. Other new product development launched in the year included *Mr Kipling* Signature brownie bites and *Plantastic* Millionaire Flapjacks.

Mr Kipling also benefitted from a fresh new TV campaign for *Mr Kipling*, the 'Piano' advert, continuing the strategy under the branded growth model of building emotional connections with consumers. Looking ahead to next year, product innovation to be launched to market includes *Mr Kipling* Deliciously Good loaf cakes and *Cadbury* Mini rolls in mint and orange flavours.

International

Revenue overseas (on a constant currency basis and excluding *The Spice Tailor*) increased by 10%[8] compared to the prior year. On a reported basis and including *The Spice Tailor*, revenue growth was 19%. This progress was broad based across the Group's target markets of Australia, Canada, Europe, Ireland and the USA. The key focus brands which the Group considers possess the greatest potential for long-term international growth, are *Sharwood's, Mr Kipling* and *The Spice Tailor.* In FY22/23, *Sharwood's* and *Mr Kipling* grew by 30% and 11% respectively.

The Group's strategy of building sustainable businesses in its target markets is progressing well. In Australia, the *Mr Kipling* and *Cadbury* cake brands have collectively delivered the Group's highest ever share of the cake market in the year and reached 15.6% on a full year basis, extending leadership of the cake category. Additionally, and following the acquisition of *The Spice Tailor,* the reach in the Australian ethnic cooking sauces market is significantly enhanced, and presents further opportunity for growth.

The *Mr Kipling* test in the USA concluded successfully with encouraging rate of sale KPIs; wider rollout to additional retailers has now commenced and is expected to build during FY23/24. *Sharwood's* also grew sales strongly in the US throughout the year. In Canada, revenue more than doubled in the year following the listing of 30 new product lines of *Sharwood's* in a leading North American retailer. This was followed up by listings of *The Spice Tailor* in the same retailer shortly after acquisition, while *Mr Kipling* cake also delivered good sales growth in the year.

Sales in Ireland were, like the UK, broad based and *Nissin* noodles sales more than doubled. Europe continues to deliver distribution gains for *Sharwood's*, entering the Netherlands for the first time and expanding presence in Spain and Germany.

Operating profit

Operating profit grew by £1.1m to £132.2m in the year. Trading profit increased to £157.5m, as described above. Brand amortisation was £20.7m in the year and movement in the fair valuation of foreign exchange and derivative contracts was a charge of £1.8m. Net interest on pensions and administrative expenses was a credit of £17.7m (FY21/22: £4.2m), reflecting c.£26m due to an interest credit on the opening combined surplus of the pension scheme, partly offset by approximately £8m of administrative expenses. Following the decision to close the Group's Knighton manufacturing site, restructuring costs of £7.6m were incurred in addition to an impairment charge of £3.6m. Total restructuring costs taken in the year were £11.1m which included some additional supply chain restructuring. Other non-trading items were £5.8m, predominantly reflecting M&A advisory costs and other one-off supply chain charges. Other non-trading income of £1.5m in the prior period primarily related to the successful resolution of a legacy legal matter.

Finance costs

Net finance cost was £19.8m in the year, a reduction of £8.7m compared to the prior year. This was primarily due to the accelerated amortisation of debt issuance costs (£4.3m) and the early redemption of the Group's now retired £300m 2023 dated Fixed Rate Notes (£4.7m) in FY21/22. Net regular interest[5] was £20.3m, £0.5m higher than last year. This increase was due to a higher SONIA (*'Sterling Overnight Index Average'*) rate applicable to the Group's revolving credit and debtors securitisation facilities, partly offset by the full year effect of lower Senior secured notes interest charges following issuance of the Group's 3.5% 2026 Fixed Rate Notes.

Taxation

The taxation charge for the year of £20.8m (2021/22: £25.1m) comprised a charge on operating activities of £21.4m (2021/22: £19.5m) and adjustments to remeasure the opening deferred tax balances, the latter due to the change in UK corporation tax from 19% to 25%, effective 1 April 2023. The Group currently retains brought forward losses which it can utilise to offset against future tax liabilities and has now recommenced paying cash tax.

Earnings per share

£m	FY22/23	FY21/22	% change
Operating profit	132.2	131.1	0.8%
Net finance cost	(19.8)	(28.5)	30.5%
Profit before taxation	**112.4**	**102.6**	**9.6%**
Taxation	(20.8)	(25.1)	17.1%
Profit after taxation	91.6	77.5	18.2%
Average shares in issue (million)	861.2	858.8	0.3%
Basic Earnings per share (pence)	**10.6**	**9.0**	**17.8%**

The Group reported profit before tax of £112.4m in the year, a 9.6% increase on FY21/22. Profit after tax increased by £14.1m to £91.6m and basic earnings per share increased by 17.8% to 10.6 pence.

Cash flow

Net debt as at 1 April 2023 was £274.3m, a reduction of £10.7m compared to the prior year. An inflow of cash and cash equivalents was £9.1m and movement in lease liabilities of £2.8m was partly offset by a £1.2m amortisation of debt issuance costs. The reduction in Net debt was after paying consideration of £43.8m to acquire *The Spice Tailor.*

Trading profit was £157.5m, as described above, while depreciation and software amortisation was £24.8m. A £24.8m outflow of working capital was due to higher stock reflecting inflation of both raw materials and finished goods, with an associated impact on debtors. Pension deficit contribution payments of £37.5m and administration cash were £7.6m, totalling £45.1m cash outflow to the schemes.

On a statutory basis, cash generated from operating activities was £87.2m (2021/22: £90.1m) after deducting net interest paid of £19.6m (FY21/22: £20.8m) reflecting a lower coupon on the Group's Fixed Rate Notes, partly offset by higher SONIA rates on the Group's unutilised RCF and debtors securitisation facilities. The Group paid Tax of £1.5m (2021/22: Nil).

Cash used in investing activities was £63.8m (FY21/22: £23.2m) and included acquisition consideration of *The Spice Tailor* as described above and capital expenditure of £20.0m (FY21/22: £23.2m). In FY23/24, the Group expects to increase its capital investment, as it looks to accelerate investment across the supply chain and transfer some manufacturing capability from the Knighton site to Ashford, Kent and Carlton, South Yorkshire. Such investment includes both growth projects supporting the Group's innovation strategy and cost release projects to deliver efficiency savings. The strategy of investing in supply chain infrastructure represents a virtuous cycle to provide the fuel for the Group's branded growth model. Projects completed in the year include automation solutions at some of the Group's cake manufacturing sites; at the Stoke site an end of line auto case packer and triple head depositor were installed and Carlton invested in an end of line auto case packer.

Cash used in financing activities was £14.3m in the year (FY21/22: £13.7m) which included a £10.3m dividend payment to shareholders. A dividend match payment to the Group's pension schemes of £2.7m was also made in the year.

The Group's Net debt/adjusted EBITDA ratio at 1 April 2023 was 1.5x, a reduction of 0.2x compared to the prior year position and in line with the medium-term target. As at 1 April 2023, the Group held cash and bank deposits of £63.4m and its £175m revolving credit facility was undrawn.

Pensions

IAS 19 Accounting Valuation (£m)	1 April 2023 RHM	1 April 2023 Premier Foods	1 April 2023 Combined	2 April 2022 RHM	2 April 2022 Premier Foods	2 April 2022 Combined
Assets	3,240.2	552.6	3,792.8	4,273.7	826.3	5,100.0
Liabilities	(2,291.9)	(735.4)	(3,027.3)	(3,134.9)	(1,020.2)	(4,155.1)
Surplus/(Deficit)	**948.3**	**(182.8)**	**765.5**	**1,138.8**	**(193.9)**	**944.9**
Net of deferred tax (25%)	711.2	(137.1)	574.1	854.1	(145.4)	708.7

The Group's pension scheme had a combined surplus of £765.5m at 1 April 2023, a reduction of £179.4m compared to the prior year. This is equivalent to a surplus of £574.1m net of a deferred tax charge of 25.0%. Asset values and liabilities fell in both sections of the schemes due to the hedging in place. The movement in liabilities was impacted by the increase in discount rate, from 2.75% to 4.80%, reflecting recent rises in UK corporate bond yields. Asset values were lower across a number of asset classes, notably in absolute return products and credit funds.

A deferred tax rate of 25.0% is deducted from the IAS19 retirement benefit valuation of the Group's schemes to reflect the fact that pension deficit contributions made to the Group's pension schemes are allowable for tax.

Assets in the combined schemes decreased by £1,307.2m, or by 25.6%, to £3,792.8m in the period. RHM scheme assets reduced by £1,033.5m to £3,240.2m while the Premier Foods' schemes assets decreased by £273.7m to £552.6m. In the combined schemes, liabilities decreased by £1,127.8m, or 27.1%, to £3,027.3m. The RPI inflation rate assumption used decreased by thirty basis points to 3.3%, compared to 3.6% as at 2 April 2022.

The pension Trustee manages impacts from market volatility efficiently and there were no issues encountered by the scheme as a result of LDI ('Liability Driven Investment') asset collateral calls due to volatility in financial markets during FY22/23.

Pensions – Triennial actuarial valuation

As at 31 March 2022, the Group's pension scheme was valued at a combined surplus of £297m on a technical provisions basis. Within this, was an RHM section surplus of £665m and a Premier Foods section deficit of £368m. This represents an improvement of approximately £511m compared to the previous technical provisions basis at 31 March 2019, when the combined valuation was a deficit of £214m.

Following this valuation, the Company and Trustees of the schemes have agreed to reduce the annual deficit contribution payments by £5m per annum to £33m until FY25/26. Additionally, administrative expenses (including the UK Government PPF levy) have reduced from the Group's guidance of £6-8m per annum to £6m. Consequently, and in addition to an increase in the Group's post-tax weighted average cost of capital to 9.1% (FY21/22: 7.4%), the net present value of future pension contributions to the end of the respective recovery periods has reduced by approximately 50%, from £240-260m[15] to approximately £125m[15]. This includes the benefit of a c.£100m surplus from the RHM section on a buyout valuation basis.

Capital allocation

The Group is a highly cash generative business and has substantially reduced its interest costs in recent years. Today, the allocation of capital is split across pension contributions, capital investment and dividends. Additionally, the Group continues to explore M&A opportunities. In the medium term, pensions contributions are expected to reduce further, freeing up more cash to spend on capital investment, M&A and dividends.

Dividend

Subject to shareholder approval, the directors have proposed a final dividend of 1.44 pence in respect of the 52 weeks ended 1 April 2023 (FY21/22: 1.2p), payable on 28 July 2023 to shareholders on the register at the close of business on 30 June 2023. The shares will go ex-dividend on 29 June 2023. This represents a 20% increase in the dividend paid per share compared to FY21/22, is ahead of adjusted earnings per share growth and is consistent with Board's approach of proposing a progressive dividend to shareholders.

Outlook

The Group delivered a strong financial performance in FY22/23, demonstrated by clear progress across all the elements of its five pillar strategy. Looking ahead to the coming year, the Group has strong plans in place for product innovation, further consumer marketing and increased capital investment. Additionally, it expects to build on the initial success in new categories, deliver further progress Internationally and continue to explore M&A opportunities. With continued positive momentum and a good start to Quarter one, the Group is well placed to make further progress this year, with expectations unchanged.

Duncan Leggett
Chief Financial Officer

18 May 2023

Appendices

The Company's results are presented for the 52 weeks ended 1 April 2023 and the comparative period, 52 weeks ended 2 April 2022. All references to the 'quarter', unless otherwise stated, are for the 13 weeks ended 1 April 2023 and the comparative periods, 13 weeks ended 2 April 2022.

Full year and Quarter 4 Sales

FY Sales (£m)	FY22/23 Excluding *The Spice Tailor*	FY22/23 *The Spice Tailor*	FY22/23 Including *The Spice Tailor*
Grocery			
Branded	625.3	10.0	635.3
Non-branded	111.5	0.0	111.5
Total	**736.8**	**10.0**	**746.8**
Sweet Treats			
Branded	208.9	0.0	208.9
Non-branded	50.7	0.0	50.7
Total	**259.6**	**0.0**	**259.6**
Group			
Branded	834.2	10.0	844.2
Non-branded	162.2	0.0	162.2
Total	**996.4**	**10.0**	**1,006.4**
% change vs prior year			
Grocery			
Branded	11.6%		13.4%
Non-branded	27.3%		27.3%
Total	**13.8%**		**15.3%**
Sweet Treats			
Branded	(2.4%)		(2.4%)
Non-branded	30.5%		30.5%
Total	**2.7%**		**2.7%**
Group			
Branded	7.8%		9.1%
Non-branded	28.3%		28.3%
Total	**10.6%**		**11.8%**

Q4 Sales (£m)	FY22/23 Excluding *The Spice Tailor*	FY22/23 *The Spice Tailor*	FY22/23 Including *The Spice Tailor*
Grocery			
Branded	171.5	5.0	176.5
Non-branded	30.7	0.0	30.7
Total	**202.2**	**5.0**	**207.2**
Sweet Treats			
Branded	54.4	0.0	54.4
Non-branded	7.0	0.0	7.0
Total	**61.4**	**0.0**	**61.4**
Group			
Branded	225.9	5.0	230.9
Non-branded	37.7	0.0	37.7
Total	**263.6**	**5.0**	**268.6**
% change vs prior year			
Grocery			
Branded	19.2%		22.7%
Non-branded	37.6%		37.6%
Total	**21.7%**		**24.7%**
Sweet Treats			
Branded	(1.8%)		(1.8%)
Non-branded	63.9%		63.9%
Total	**2.9%**		**2.9%**
Group			
Branded	13.4%		15.9%
Non-branded	41.8%		41.6%
Total	**16.7%**		**18.9%**

Divisional contribution & Trading profit (£m)	FY22/23 Excluding *The Spice Tailor*	FY22/23 *The Spice Tailor*	FY22/23 Including *The Spice Tailor*
FY22/23			
Divisional contribution[2]			
Grocery	188.7	0.5	189.2
Sweet Treats	27.0	–	27.0
Total	**215.7**	**0.5**	**216.2**
Group & corporate costs	(62.5)	–	(62.5)
Other income	3.8	–	3.8
Trading profit[1] - New definition	**157.0**	**0.5**	**157.5**
FY21/22			
Divisional contribution[2]			
Grocery	160.2	–	160.2
Sweet Treats	33.4	–	33.4
Total	**193.6**	**–**	**193.6**
Group & corporate costs	(45.3)	–	(45.3)
Trading profit[1] - Old definition	**148.3**	**–**	**148.3**
Less: software amortisation	(7.1)	–	(7.1)
Trading profit[1] - New definition	**141.2**	**–**	**141.2**

Operating and financial review

CONTINUED

EBITDA to Operating profit reconciliation (£m)	FY22/23	FY21/22
Adjusted EBITDA[3]	**182.3**	**167.5**
Depreciation	(19.9)	(19.2)
Trading profit – Old definition	**162.4**	**148.3**
Software amortisation	(4.9)	(7.1)
Trading profit – New definition	**157.5**	**141.2**
Amortisation of brand assets	(20.7)	(19.9)
Fair value movements on foreign exchange & derivative contracts	(1.8)	4.4
Net interest on pensions and administrative expenses	17.7	4.2
Non-trading items – GMP equalisation	–	(0.3)
Non-trading items – restructuring costs	(11.1)	–
Non-trading items – other non-trading items	(5.8)	1.5
Impairment of fixed assets	(3.6)	–
Operating profit	**132.2**	**131.1**

Finance costs (£m)	FY22/23	FY21/22	change
Senior secured notes interest	11.5	13.4	1.9
Bank debt interest – net	6.9	4.3	(2.6)
	18.4	17.7	(0.7)
Amortisation of debt issuance costs	1.9	2.1	0.2
Net regular interest[5]	**20.3**	**19.8**	**(0.5)**
Write-off of financing costs	–	4.3	4.3
Early redemption fee	–	4.7	4.7
Re-measurement due to discount rate change	(1.1)	(0.9)	0.2
Other finance cost	0.6	0.8	0.2
Other finance income	–	(0.2)	(0.2)
Net finance cost	**19.8**	**28.5**	**8.7**

Adjusted earnings per share (£m)	FY22/23	FY21/22	% change
Trading profit[1] - New definition	157.5	141.2	11.5%
Less: Net regular interest[5]	(20.3)	(19.8)	(2.6%)
Adjusted profit before tax	**137.2**	**121.4**	**13.0%**
Less: Notional tax (19%)	(26.1)	(23.1)	(13.0%)
Adjusted profit after tax[6]	111.1	98.3	13.0%
Average shares in issue (millions)	861.2	858.8	0.3%
Adjusted earnings per share (pence)	**12.9**	**11.5**	**12.7%**

Net debt (£m)	
Net debt[11] at 2 April 2022	**285.0**
Movement in cash	(9.1)
Movement in debt issuance costs	1.2
Movement in lease creditor	(2.8)
Net debt at 1 April 2023	**274.3**
Adjusted EBITDA	182.3
Net debt / Adjusted EBITDA	**1.5x**

Free cash flow (£m)	FY22/23	FY21/22
Trading profit[1] - New definition	157.5	141.2
Depreciation & software amortisation	24.8	26.3
Other non-cash items	4.7	4.1
Capital expenditure	(20.0)	(23.2)
Working capital	(24.8)	(21.0)
Operating cash flow[17]	**141.9**	**127.4**
Interest	(19.6)	(20.8)
Pension contributions	(45.1)	(41.4)
Free cash flow[12]	**77.5**	**65.2**
Non-trading items	(8.3)	0.9
Net (payments)/proceeds from share issue	(1.1)	1.3
Re-financing fees	(0.7)	(13.2)
Taxation	(1.5)	–
Dividend (including pensions match)	(13.0)	(11.0)
Acquisition	(43.8)	–
Movement in cash	**9.1**	**43.2**
Repayment of borrowings	–	(320.0)
Proceeds from borrowings	–	330.0
Net increase in cash and cash equivalents	**9.1**	**53.2**

The following table outlines the basis on which the Group will report headline revenue for FY23/24.

This includes *The Spice Tailor* but excludes sales from Knighton which will be managed for exit during the course of FY23/24, following the decision to close the site. In FY22/23, all Knighton revenue was all reported in Grocery – Non-branded.

	FY22/23 revenue by quarter				
Group sales ex Knighton Foods (£m)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Group sales (including *The Spice Tailor*)	197.0	222.9	318.0	268.5	1,006.4
Knighton	(6.2)	(7.2)	(9.8)	(7.6)	(30.8)
Group sales (including *The Spice Tailor*, ex Knighton)	**190.8**	**215.7**	**308.2**	**260.9**	**975.6**

Notes and definitions of alternative performance measures

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

1. The Group uses Trading profit to review overall Group profitability. Trading profit is defined as profit/(loss) before tax, before net finance costs, amortisation of brand assets, non-trading items (items requiring separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance), fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administration expenses and past service costs. The revised definition of Trading profit includes software amortisation as the Group considers this should be treated in the same way as tangible asset depreciation for definitional purposes. FY21/22 has been re-stated accordingly.
2. Divisional contribution refers to Gross Profit less selling, distribution and marketing expenses directly attributable to the relevant business segment.
3. Adjusted EBITDA is Trading profit as defined in (1) above excluding depreciation and software amortisation.
4. Adjusted profit before tax is Trading profit as defined in (1) above less net regular interest.
5. Net regular interest is defined as net finance cost after excluding write-off of financing costs, early redemption fees, other finance costs and other finance income.
6. Adjusted profit after tax is Adjusted profit before tax as defined in (4) above less a notional tax charge of 19.0% (2021/22: 19.0%).
7. References to Adjusted earnings per share are on a non-diluted basis and is calculated using Adjusted profit after tax as defined in (6) above divided by the weighted average of the number of shares of 861.2 million (52 weeks ended 2 April 2022: 858.8 million).
8. International sales exclude *The Spice Tailor* and remove the impact of foreign currency fluctuations and adjusts prior year sales to ensure comparability in geographic market destinations. The constant currency calculation is made by adjusting the current year's sales to the same exchange rate as the prior year. The constant currency adjustment is calculated by applying a blended rate.

£m	Reported (including The Spice Tailor)	Reported (excluding The Spice Tailor)	Adjustment	Constant currency
FY22/23	63.3	59.4	(0.7)	58.7
FY21/22	53.4	53.4	N/A	53.4
Growth/(decline) %	18.5%	11.3%	N/A	10.0%

9. Non-trading items have been presented separately throughout the financial statements. These are items that management believes require separate disclosure by virtue of their nature in order that the users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance. In identifying non-trading items, management have applied judgement including whether i) the item is related to underlying trading of the Group; and/or ii) how often the item is expected to occur.
10. Software amortisation is the annual charge related to the amortisation of the Group's software assets during the period.
11. Net debt is defined as total borrowings, less cash and cash equivalents and less capitalised debt issuance costs.
12. Free cash flow is Net increase or decrease in cash and cash equivalents excluding proceeds and repayment of borrowings, less dividend payments, disposal proceeds, re-financing fees, net proceeds from share issues, tax, acquisitions and non-trading items.
13. IRI, 52 weeks ended 1 April 2023.
14. Revenue growth excludes *The Spice Tailor.*
15. The schedule of future contributions are as agreed per the 2022 actuarial funding valuation for the Premier Foods sections, discounted using the Company post tax WACC of 9.1%.
16. Acquisition accounting pertaining to *The Spice Tailor* acquisition can be found in Note 28 of the financial statements.
17. Operating cash flow excludes interest and pension contributions.
18. SBTi refers to the Science Based Targets initiative, a coalition which defines and promotes best practice emissions reductions and net zero targets in line with climate science.
19. Champions 12.3 refers to a coalition who are dedicated to the pursuit of reducing food waste and loss.

Additional notes:

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

Key performance indicators (KPIs)

We use a number of performance indicators to monitor financial, operational and ESG performance.

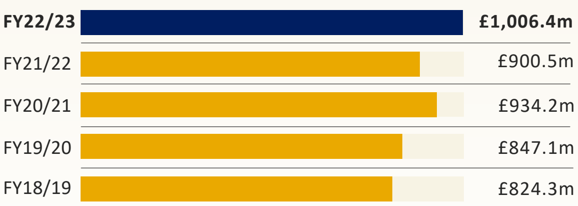
These are reviewed on a regular basis by our senior management teams and the Board. Performance indicators are used to encourage focus on the delivery of our key strategic priorities. They are used to measure performance, highlight areas for attention and corrective action, as well as recognising good performance and celebrating success. Trading profit and certain ESG targets also form part of management's bonus objectives.

The KPIs set out below are aligned with the Group's five pillar growth strategy and also the commitments set out in our ESG strategy, the Enriching Life Plan.

Financial KPIs

£1,006.4m

Revenue[1]



Why is this important?

Delivering sustainable revenue growth is one of our strategic priorities.

Progress we have made

Revenue was up +11.8% versus prior year. This growth has been driven by our branded growth model of delivering new product innovation based on current consumer trends, together with engaging advertising and strategic relationships with our retail partners. Performance also reflects the recovery of input cost inflation.

Link to strategy

£157.5m

Trading profit[1]

Why is this important?

This measure reflects the revenues and costs associated with the operational performance of the business and is also a good proxy for the cash generative capacity of the business.

Progress we have made

Trading profit increased by +11.5% versus prior year. This improvement was driven by our strong branded revenue growth within Grocery offset by a softer performance within Sweet Treats.

Link to strategy

1 A definition and reconciliation of non-GAAP measures to reported measures are set out on pages 53 and 55. Trading profit for FY22/23 is stated including software amortisation, and the prior year comparatives have been re-stated accordingly.

2 Prior year comparatives have been represented in accordance with the revised definition of free cash flow set out on page 54.

3 For a definition and reconciliation, please refer to note 8, on page 55.

1.5x

Net debt adjusted EBITDA ratio[1]

FY22/23	**1.5x**
FY21/22	1.7x
FY20/21	2.0x
FY19/20	2.8x
FY18/19	3.2x

Why is this important?
This ratio is the key metric used by the Group in measuring its debt level relative to the overall performance of the business.

Progress we have made
Net debt reduced by £10.7m, from £285.0m to £274.3m, reflecting strong free cash flow in the year, partly offset by the cost of *The Spice Tailor* acquisition. As a result of this deleveraging and adjusted EBITDA growth, the ratio of Net debt to adjusted EBITDA reduced from 1.7x to 1.5x.

(Note: the comparative for FY18/19 is stated pre adoption of IFRS 16).

Link to strategy

£77.5m

Free cash flow[1]

FY22/23	**£77.5m**
FY21/22	£65.2m
FY20/21	£71.2m[1,2]
FY19/20	£70.5m[2]
FY18/19	£50.5m[2]

Why is this important?
Free cash flow is a measure of the overall health of the business. It reflects the underlying cash generated by the Group and helps inform capital allocation decisions.

Progress we have made
Free cash flow increased by +18.7% in the year, to £77.5m. Cash flow benefitted from the strong trading performance in the period.

Link to strategy

£58.7m

International revenue (at constant currency)[3]

FY22/23	**£58.7m**
FY21/22	£54.8m
FY20/21	£53.9m

Why is this important?
Expanding our international business is one of our strategic priorities.

Progress we have made
International revenue, excluding the performance of *The Spice Tailor*, was £58.7m, +10.0% higher than prior year, on a constant currency basis[3]. This was the result of growth in our five strategic markets, with strong performances from *Sharwood's* and *Mr Kipling*. The international business has increased revenue by +37% since we launched our new strategy in 2020.

Link to strategy

Strategy pillars
- Continue to grow the UK core
- Supply chain investment
- Expand UK into new categories
- Build international businesses with critical mass
- Inorganic opportunities

Key performance indicators (KPIs)

CONTINUED

Last year we introduced a number of new non-financial KPIs which align with our business model, our refreshed ESG strategy and our commitment to be a responsible food business.

Launching new products based on consumer trends, with a major focus on health and nutrition, is at the heart of our branded business model.

In October 2021 we launched a new ESG strategy the Enriching Life Plan. To align with our new ESG priorities we have included a KPI to represent each of the pillars of the Enriching Life Plan: Product – sales of products that meet high nutritional standards; Planet – CO_2 emissions; and People – Senior management roles held by females.

Further details of progress against our ESG targets are set out in the section on our Enriching Life Plan on pages 26 to 37 and in Enriching Life Plan disclosure tables on pages 178 to 183.

Colleague safety is our first priority as a business. The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ('RIDDOR'), is a major indicator of the success of our Health and Safety protocols and allows us to benchmark our performance against the UK food manufacturing industry.

Following improved usage data and emissions factors from our suppliers, we have updated our scope 2 emissions for both the current and prior year.

Non-financial KPIs

-31 bps

(FY21/22: +41bps)

Branded market share (value growth)[1]

Why is this important?

Increasing market share indicates consumer preference for our products and drives category growth for the business.

Progress we have made

Our market share value fell by -31 basis points ('bps'), versus prior year. We experienced strong growth within Grocery, demonstrating the strength of our branded growth model and the resilience of the Group's brands. This was offset by a softer performance in Sweet Treats, due to a reduction in promotional activity and temporary price elasticity.

Link to strategy

£335.0m

Revenue from products that meet high nutritional standards

Why is this important?

Under our Enriching Life Plan we have set a target to more than double sales of products that meet high nutritional standards (see page 178 for a definition).

Progress we have made

Over the year, we continued to bring a range of more healthy products to market such as: *Mr Kipling* Deliciously Good range – a new range of cakes made with 30% less sugar and lower fat and which benefit from a higher content of fibre and fruit compared with the standard *Mr Kipling* range – and no added sugar *Homepride* Pasta Bakes.

Link to strategy

1 IRI data for the 52 weeks ended 1 April 2023 and 26 March 2022.

40%

Senior management roles held by females

FY22/23	**40%**
FY21/22	37%
FY20/21	28%

Why is this important?
Under our Enriching Life Plan we are targeting gender balance for our senior management population by 2030. Senior management is defined as the Executive Leadership Team and their direct reports.

Progress we have made
Over the year, we have continued to progress our I&D strategy to improve accessibility to leadership roles through enhanced recruitment, development and mentoring programmes. As a result, the number of women within senior leadership rose to 40% as at year-end.

Link to strategy
Supports our Enriching Life Plan

51,749

Scope 1 and 2 emissions (tCO_2e)

FY22/23	**51,749**
FY21/22	56,188
FY20/21	60,359

Why is this important?
Reducing carbon emissions is a key priority under our Enriching Life Plan, as we aim to reduce scope 1 and 2 emissions by 67% and achieve net zero carbon emissions by 2040.

Progress we have made
Total scope 1 and 2 location-based emissions were reduced by 7.9% over the year, as a result of improved efficiency from capital investment in projects such as boiler upgrades, compressor renewals and oven profiling. We have also launched a 'Smart Energy' programme and established site energy councils to coordinate the Group's approach to energy efficiency.

Link to strategy
Supports our Enriching Life Plan

0.09

(FY21/22: 0.12, RIDDOR reportable accident per 100,000 hours worked)

RIDDORs

Premier Foods	**0.09**
All UK manufacturing	0.21
UK Food manufacturing	0.55

Why is this important?
Colleague safety is our first priority as a business.

Progress we have made
Over the year RIDDORs reduced by 25% as a result of a number of initiatives, including a refreshed and reinvigorated TOP (Total Observation Process) across sites, which identifies and eliminates potential hazards, improved H&S communication with poster campaigns, videos and refreshed induction training, and continued with unannounced visits to sites, and a continued behavioural safety focus.

Link to strategy
Supports our Enriching Life Plan

Strategy pillars

- Continue to grow the UK core
- Supply chain investment
- Expand UK into new categories
- Build international businesses with critical mass
- Inorganic opportunities

Risk management

Our approach

We have an established risk management framework to identify, evaluate, mitigate and monitor the risks we face as a business. Our risk management framework incorporates both a top-down and a bottom-up approach, to ensure that we have maximum input from the Board through to operational management, to identify both current and emerging risks that our business faces as we execute our strategy and grow the business. Our Board owns and oversees our risk management programme, with overall responsibility for ensuring that our risks are aligned with our goals and strategic objectives.

The Audit Committee assists the Board in monitoring the effectiveness of our risk management and internal control policies, procedures and systems. The Executive Leadership Team (ELT) performs a robust risk assessment on a periodic basis and the output from this is routinely reviewed by the Board and the Audit Committee.

Responsibility for risk management is embedded throughout our organisation and our first line of defence remains our colleagues, who have a responsibility to manage day-to-day risk in their areas guided by Group policies, procedures, and controls frameworks. The ELT and ultimately the Executive, ensure that these risks are managed, maintained, reviewed and mitigated according to these frameworks. The Group's Internal Audit function continues to provide assurance over the effectiveness of mitigating controls. While copies of these reports are provided to the ELT to action any necessary control improvements, the Internal Audit function reports directly to the Audit Committee who monitor and challenge management to ensure control improvements are actioned.

Risk management framework

Top down

Board of Directors
Assess principal risks and set risks appetite. Overall responsibility for maintaining sound risk management and internal controls.

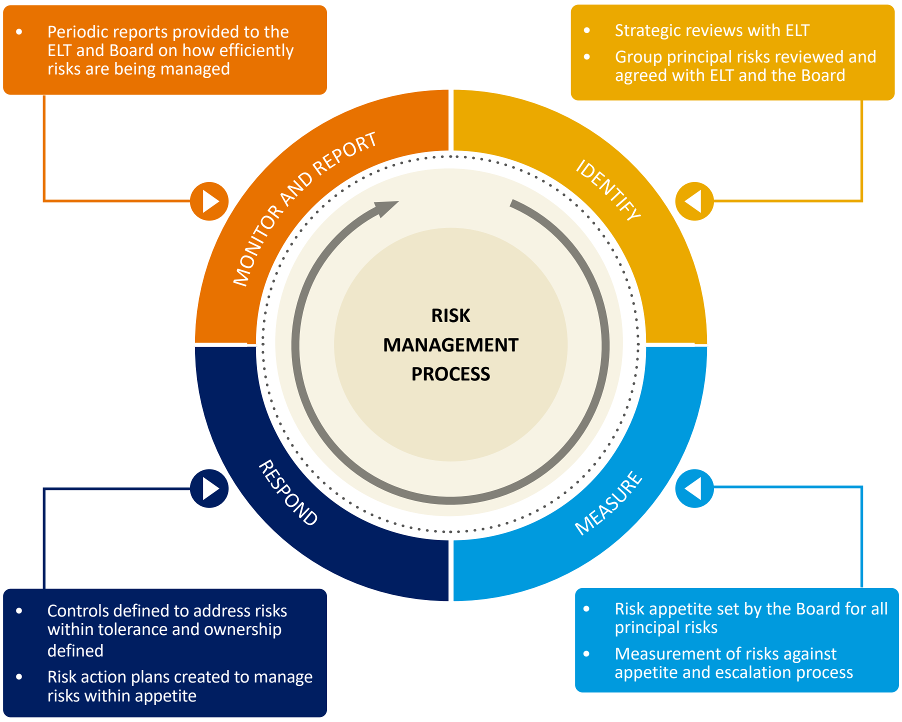
Audit Committee
Set risk management framework. Assess effectiveness of the Group's risk framework and internal controls.

Executive Leadership Team
Implement risk management framework. Assess effectiveness of the Group's risk framework and internal controls.

Risk and Internal Audit
Test internal controls and co-ordinate risk management activity. Provide support to business risk owners and report risk information across the Group.

Operational Management
Own and review operational risks. Operate controls and implement mitigation actions.

Bottom up



Principal risks and uncertainties

The Board has carried out a robust assessment of the principal and emerging risks facing the Group. They include those that we consider most impact our business model (see pages 12 and 13) and the delivery of our long-term strategic objectives (see pages 18 and 19) and that would threaten our business model, future performance, solvency or liquidity. These risks and uncertainties (pre-mitigation) are identified in the heatmap opposite, followed by a more detailed description including key mitigating activities in place to address them on pages 62 to 66.

We have also considered the broadening potential impacts across a number of principal risks of inflationary pressures resulting from the ongoing Russia-Ukraine conflict. These initially impacted energy and commodity prices but have subsequently spread into wider inflationary pressures across the supply chain and are now being felt by our valued consumers. The 'Changes since FY21/22', highlight changes in the profile of our principal risks and/or describe our experience and activity over the last year.

Risk appetite

Our approach is to minimise exposure to reputational, financial and operational risk while accepting and recognising a risk/rewards trade-off in pursuit of our strategic and commercial objectives. Risk appetite statements are reviewed routinely by the ELT and approved by the Board to guide the actions that management takes in executing our strategy. As a food manufacturing company, with many well-known brands, the integrity of our business is crucial and cannot be put at risk. Consequently, we have zero tolerance for risks relating to food safety and the health and safety of our employees. In addition, we have set low-risk appetites for a number of other risks such as cyber-security, legal, compliance, environmental and regulatory risks.

Nonetheless, we operate in a challenging and highly competitive marketplace and as a result we recognise that strategic, commercial and investment risks will be required to seize opportunities and deliver results at pace. We are therefore prepared to make certain managed financial and operational investments in pursuit of growth objectives. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are firstly established.

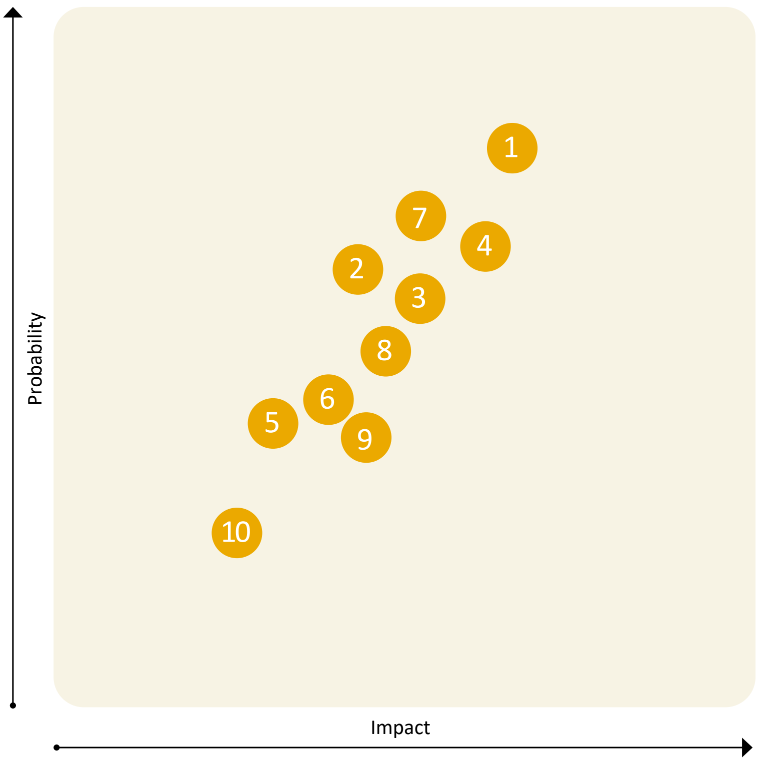
Emerging risks

The ELT and the Board formally review emerging risks when considering the outputs of the risk management processes. Through both the top-down and bottom-up risk discussions held across the business, we seek to identify changes in both existing and new risks which may have a significant impact. This includes horizon scanning and utilising in-house knowledge and expertise supported by input from external sources, to identify emerging risks for consideration and review. These uncertainties may relate to future economic, regulatory, or environmental changes, for which examples include, the further rollout of legislation related to the UK Government's programme to tackle obesity and Extended Producer Responsibility requirements for packaging.

While significant consideration has been given to assessing emerging risks, we have also concluded that these emerging risks are adequately captured across our existing broad set of principal risks and, as a result, no new principal risks are proposed this year.

Future initiatives

We continuously evolve and improve our approach to risk management, in light of the ever-increasing volatility and uncertainty in the external environment. In addition, risk plays a key role in the cross-functional team responsible for our approach to the requirements for Task Force on Climate-related Financial Disclosures (TCFD), under a dedicated steering group. We continue to embed the selection of the key risks used in our scenario analysis and support the integration of this activity into our ongoing risk processes, so that climate-related considerations become part of our longer-term strategic thinking and decision-making in the business. See pages 38 to 48 for further details on our approach to TCFD.



Risks

1. Macroeconomic and geopolitical instability
2. Impact of Government legislation
3. Market and retailer actions
4. Operational integrity
5. Legal compliance
6. Climate risk
7. Technology
8. Product portfolio
9. HR and employee risk
10. Strategy delivery

Risk management

CONTINUED

1 Macroeconomic and geopolitical instability

Link to strategy

Risk and potential impact

Our business has been subject to a period of prolonged uncertainty owing to political and ongoing economic developments. While those risks related to Covid-19 have significantly dissipated, post the initial impact of the Russian/Ukrainian war on energy and commodity costs, this has subsequently spread into broader inflationary pressures that are creating a 'cost of living crisis' for our valued consumers (also see Risk 8).

How we manage it

- We seek to hedge certain key commodities and energy supplies, where appropriate, to manage our exposure to price increases.
- In addition, we actively manage foreign exchange currency volatility through hedging activity and through an ongoing supplier risk management process.
- Our cost-saving and efficiency programmes seek to minimise the impact of inflationary pressures.
- The ELT closely monitors developments related to commodity costs, and only after careful consideration, and where absolutely necessary, are prices increased.
- We continually monitor our customer and supplier base for potential exposure to Russian (or any other applicable) trade sanctions.

Changes since FY21/22

- The overarching risk trend was assessed as stable during the year, however, the blend of risk factors that contribute to the principal risk have varied. While we have experienced elevated input cost inflation, driven by macroeconomic forces, this has been balanced by a number of our brands, particularly within Grocery, performing proportionally well as our consumers switched to eating at home more often. This change in consumer preference has been supported by our 'Best Restaurant in Town' campaign, as detailed under our 'Continue to Grow the UK Core' strategic pillar (see page 18).

Risk trend

2 Impact of Government legislation

Link to strategy

Risk and potential impact

The continued focus on health and obesity may result in a decline in demand for cakes and desserts and/or our share of them, along with the risk of additional complexity and cost as a result of any reformulation efforts. There is an elevated level of media and Government scrutiny on health and obesity. The first phase of the Government legislation restricting promotions of High Fat, Salt or Sugar (HFSS) by 'location' became effective from 1 October 2022. It is expected that a second phase of restriction of HFSS products by 'volume' will come into force on 1 October 2023 followed by an 'advertising' restriction for such products from 1 October 2025.

The UK Government has also introduced a new tax on non-recyclable plastic packaging as part of the reformed Packaging Producer Responsibility Regulations. The introduction of this escalating tax on plastic packaging and any further legislation may adversely impact the products that the Group manufactures.

How we manage it

- We have a wide range of product offerings, which includes non-HFSS products, that extend our range of healthier choices, enhance the nutrition profile of our existing core ranges and help consumers to make healthier eating choices. Details can be found in our Enriching Life Plan section on pages 30 and 31.
- We have an ongoing evaluation and development of the brand portfolio and innovation pipeline with a focus on healthier options that help us align with changing consumer preferences (also see Risk 8).
- Our Environmental, Social and Governance ('ESG') Committee, chaired by our CEO, has a range of cross-functional steering groups that are responsible for the delivery of our ESG strategy, including our Packaging steering group. This ensures focused efforts, through KPI-driven targets, to optimise our packaging and reduce its environmental impact and mitigate the impact of the tax on non-recyclable packaging. This is achieved by using materials from certified sustainable sources wherever possible, increasing our use of recycled materials, and increasing the recyclability of our packaging. 96% of our packaging, by weight, is recyclable at year-end.

Changes since FY21/22

- The risk profile remained stable year-on-year.
- The Group continues to actively adapt its strategy in order to support the phases of the UK Government's programme to tackle obesity. This includes continuing to extend the range of non-HFSS products available to consumers.
- The UK Government's primary legislation (November 2020) to introduce an escalating tax on plastic material came into effect on 1 April 2022 and the Group has continued its packaging optimisation programme to ensure both the minimisation of packaging and that packaging use is fully recyclable.

Risk trend

3 Market and retailer actions

Link to strategy

Risk and potential impact

As a primarily UK-based company, our sales are concentrated, predominately with a number of major customers who operate in a highly competitive market. Maintaining strong relationships with our existing customers and building relationships with new customers and technology-enabled channels are critical for our brands to be readily available to our consumers. A failure to do this may impact our ability to obtain competitive pricing and trade terms and/or the availability and presentation of our brands. Actions taken by these retailers (for example, changes in pricing and promotion strategies), may negatively impact our financial performance and can also have an impact on the overall market for our products.

How we manage it

- We have strong relationships with the major retailers built on the strength of our brands, our expertise in our categories and shopper insight.
- We have a programme of continuous innovation rooted in consumer insights and designed to build category growth.
- We develop commercial plans with customers that include investment and activation plans.
- We are growing our international business by applying our proven UK branded growth model strategy in target markets, which in time will reduce dependence on the UK market.
- We are investing to build our online channel presence and capabilities.

Changes since FY21/22

- The risk profile remained stable year-on-year.
- We continued to work with all our customers, including category partnerships and range reviews, to match our product offering to consumer needs, particularly with more meals eaten at home.
- We recorded growth in branded sales as a result of our strong innovation pipeline, sustained brand investment and close customer partnerships.
- We continued to focus on presenting our brands well online, which helped drive growth ahead of the market.
- Our international business continued to grow thanks to progress in all the Group's strategic markets: Ireland, Australia, the USA and Europe.

Risk trend

4 Operational integrity

Link to strategy

Risk and potential impact

Delivery of our strategy depends on our ability to minimise operational disruption from issues with facilities, factory infrastructure as well as Procurement and Logistics functions. Supplier failure, market shortage or an adverse event in our supply chain impacts the sourcing of our products, and the cost of our products is significantly affected by commodity price movements.

How we manage it

- We have business continuity and disaster recovery management processes in place. These are reviewed and refreshed on an ongoing basis.
- Appropriate insurance coverage is in place to mitigate the financial impact of material site issues.
- We have an appropriately resourced and skilled procurement function that possesses the requisite market and industry knowledge to pinpoint raw material market developments.
- Procurement category plans are in place to mitigate against single supplier risk.
- Cross-functional teams help to manage any sourcing challenges because of broader macroeconomic factors.
- We have robust quality management standards applied and rigorously monitored across our supply chain.
- We have an ongoing three-year programme (in conjunction with our insurers) to move our sites into a 'Highly Protected Risk' status.
- ELT reviews resourcing plans to ensure appropriate labour availability across factories, warehouse and transport.

Changes since FY21/22

- The risk profile has remained stable during the year.
- Our suppliers have continued to supply us with raw materials and bought-in finished goods, aided by accurate demand forecasting providing forward views of requirements.
- Our Procurement, Operational and Technical teams have also managed to source alternative suppliers for key ingredients where there were potential interruptions to supply.
- Our factories continued to maintain production levels through careful management of production capacity and through sourcing and retaining a reliable pool of labour.
- We improved our operational resilience through various initiatives, including Capex projects that replace existing plant and machinery and provide increased reliability and efficiency. See further detail in our 'Supply Chain Investment' strategic pillar on page 18.
- We continue to maintain high levels of customer service through our KPI monitoring of key suppliers, despite the disruptions caused in some of our key raw materials markets.

Risk trend

Strategy pillars

- Continue to grow the UK core
- Supply chain investment
- Expand UK into new categories
- Build international businesses with critical mass
- Inorganic opportunities

Risk trend

- Increase
- No change
- Decrease

5 Legal compliance

Link to strategy

Risk and potential impact

Our business is subject to many legal and regulatory requirements and must continuously monitor new and emerging legislation (domestic and international), in areas such as Health and Safety, listing rules, competition law, intellectual property, food safety, labelling regulations and environmental standards. We have also adopted the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ('TCFD'). A more detailed overview of the impact of climate change on our business can be found in the TCFD section on pages 38 to 48.

How we manage it

- We have dedicated Legal and Regulatory teams in place to monitor laws and regulations to ensure compliance, protect intellectual property and defend against litigation, where necessary.
- We work closely with our external advisors and the regulators, government bodies and trade associations regarding current and future legislation which would impact the Group.
- Whistleblowing processes are in place that are routinely tested to ensure that they are fit for purpose.
- We have leading food industry processes in place to manage health and safety and food safety issues (including an ongoing programme of internal and external audits).
- Regular mandatory compliance-related training is in place covering areas such as data protection, anti-bribery and corruption, Corporate Criminal Offence, anti-trust etc.
- As previously described, our ESG Committee oversees various initiatives, including compliance with TCFD recommendations.

Changes since FY21/22

- The risk remained stable year-on-year.
- We have included disclosures on pages 38 to 48 of this report to comply with TCFD recommendations.
- Our risk management framework continues to be enhanced to accommodate and report on climate risks and appropriate disclosures in line with TCFD recommendations.

Risk trend

6 Climate risk

Link to strategy

Risk and potential impact

Climate change has the potential to dramatically change the world in which we live and operate. Tackling climate change, by taking measures to limit its impact to manageable levels, has become a key priority for governments and businesses. As the impacts of climate change become clearer, businesses are looking to understand how this will impact their operations. Through our work to disclose against the requirements of the Task Force for Climate-related Financial Disclosures (TCFD), we have identified risks and opportunities associated with operational disruption, ingredients sourcing, energy pricing, policy changes and changing consumer behaviour.

How we manage it

- Our decarbonisation targets have been submitted to, and approved by, the Science-Based Targets initiative (SBTi) and are embedded within our Enriching Life Plan. We track progress against our targets in line with our commitments.
- An assessment of the physical risks associated with more extreme weather across the Company's manufacturing sites has been carried out in partnership with our insurance partners, with investments made at our Lifton site to reduce the risk and impact of river flooding.
- An assessment of the risk of changes in the availability, price or quality of key ingredients, as a result of chronic changes in the climate in key sourcing regions has been carried out and mitigating actions to reduce the risk of supply issues on key commodities have been identified.
- An assessment of the risk associated with changes in the demand for our products in the event of changing weather patterns has been carried out and considered as part of our commercial planning.

Changes since FY21/22

- The risk has remained stable year-on-year as we continue to make progress against the targets we have set for ourselves under our Enriching Life Plan, and required of us under TCFD.
- Please refer to pages 32 and 33 for an update on our Enriching Life Plan, pages 38 to 48 for our TCFD statement and pages 178 to 183 for our Enriching Life Plan disclosure tables.

Risk trend

7 Technology

Link to strategy

Risk and potential impact

A successful cyber-attack, or other systems failure, could result in us not being able to manufacture or deliver products, plan our supply chain, pay and receive money, or maintain proper financial control. This could have a major customer, financial, reputational and regulatory impact on our business.

How we manage it

- Our centrally governed IT function continually monitors known and emerging threats with incident response plans in place to manage/ eliminate these risks.
- This includes maintaining firewalls and threat detection and response systems with regular penetration testing performed.
- Disaster recovery plans across the Group are reviewed and tested.
- Information and IT policies are in place and are regularly reviewed. Compulsory IT training is regularly run including internal phishing awareness campaigns to validate that learning is embedded throughout the organisation.
- Our cyber-security strategy and actions are regularly monitored by the Audit Committee and the Board.
- We review our cyber-insurance coverage on a regular basis.

Changes since FY21/22

- The risk profile has remained stable during the year as we continue to invest in our IT systems to remain protected and match the ever-increasing number and diversity of external security threats.

Risk trend

8 Product portfolio

Link to strategy

Risk and potential impact

Consumer preferences, tastes and behaviours change over time. As part of this, the consumers' desire for healthier choices and premiumisation are significant trends. Our ability to anticipate these trends, innovate and ensure the relevance of our brands are critical to our competitiveness in the marketplace and our performance. Furthermore, sales of many of the Company's products can be adversely affected by seasonal weather conditions. We may fail to successfully evolve our portfolio to take advantage of growth categories and/or re-invent our core brands to meet consumer needs.

How we manage it

- The Group offers a broad range of branded products across a range of categories and markets which offer a wide choice to the end consumer.
- We perform continual assessments of consumers and customer trends and have an insights programme in order to anticipate changes in consumer preferences and evolve our product offerings accordingly.
- We continue to invest heavily in new product development with well-established stage gate controls to ensure we continue to adjust to consumers' requirements.
- We continue to review the impact of weather on sales during our monthly product performance reviews.

Changes since FY21/22

- The risk remained stable year-on-year.
- The specific impact of inflationary pressure on our consumers (Risk 1) and the introduction of HFSS and other regulations (Risk 2) is discussed above.

Risk trend

Strategy pillars

- Continue to grow the UK core
- Supply chain investment
- Expand UK into new categories
- Build international businesses with critical mass
- Inorganic opportunities

Risk trend

- Increase
- No change
- Decrease

Risk management

CONTINUED

9 HR and employee risk

Link to strategy

Risk and potential impact

The ongoing success of the Group is dependent upon attracting and retaining high-quality colleagues at all levels who can effectively implement the Group's strategy. Due to economic uncertainty and change (Risk 1), there is a dual risk that the supply of labour may be, in certain areas, constrained and, in addition, the cost of labour could increase resulting in additional financial and operational pressure on the Group.

How we manage it

- We continue to invest in colleague development and engagement initiatives on a focused basis. See 'Our People' on pages 34 and 35.
- We have processes in place to attract diverse talent into the business with the right capabilities and behaviours through our 'in-house' team.
- We have succession plans in place to retain and progress our internal talent pipeline.
- We have a well-established and successful graduate recruitment and development programme and invest heavily in apprenticeship training.
- We benchmark pay to make sure we remain competitive in the market and, where appropriate, make changes to our offering.
- Regular engagement surveys take place across the Company to obtain feedback from our colleagues.

Changes since FY21/22

- The risk profile remained stable year-on-year.
- We continue to maintain a strong commercial focus on process and cost improvement to manage and mitigate the increased cost of labour.
- In addition, we maintain Group-wide communication tools as well as hold quarterly Town-Hall meetings to ensure colleagues are briefed on new strategic initiatives that will grow the Company.

Risk trend

10 Strategy delivery

Link to strategy

Risk and potential impact

Our branded growth model, as set out on pages 12 and 13, is at the core of what we do. The strategy focuses on leveraging our strong brands through launching insight-driven new products, delivering sustained levels of marketing investment, and fostering strong retail and customer partnerships. In addition, we seek bolt-on acquisitions where we can leverage strong synergies with our existing categories to enable us to further accelerate our growth. Failure to timely deliver our strategy may result in taking longer than expected to deliver results, which may impact the speed at which we can deliver shareholder value.

How we manage it

- Given the seasonal nature of many of our brands, media investment is targeted in periods of peak consumer demand and through the most cost-effective channels.
- Our new and existing product development programmes are based on deep consumer insight and continue to make our product ranges more relevant to the ever-changing lives of our consumers.
- Our strong strategic relationships with our key customers facilitate the creation and joint ownership of plans for mutual growth.

Changes since FY21/22

- The risk profile remained stable during the year.
- Following *The Spice Tailor* acquisition, we have followed a rigorous integration programme to ensure the benefits of the acquisition are fully realised.
- Our branded growth strategy for delivering new product innovation based on consumer trends together with high-quality advertising behind our major brands continues to deliver.
- We continued to leverage our branded growth model in the Group's strategic markets.

Risk trend

Strategy pillars

- Continue to grow the UK core
- Supply chain investment
- Expand UK into new categories
- Build international businesses with critical mass
- Inorganic opportunities

Risk trend

- Increase
- No change
- Decrease

Viability statement

The directors, in accordance with provision 31 of the UK Corporate Governance Code 2018, have assessed the viability of the Group, taking into account the current financial position, the Group's strategic and financial plan, and the potential impact on profitability, liquidity and key financial ratios of the principal risks documented on pages 60 to 66. These factors have also been carefully assessed in light of the current global political uncertainty driven by the conflict in Ukraine, inflationary pressures across the industry and the cost of living crisis.

The directors have determined that five years is the most appropriate period to assess viability over, this time frame is consistent with the way the Board now views the development of the business over the medium-term, and is appropriate for both business planning and measuring performance. The directors also considered the consistent business performance, nature of the Group's activities and the degree to which the business changes and evolves, given the dynamic nature of the FMCG sector, when determining the assessment period.

In order to report on the viability of the Group, the directors reviewed the overall funding capacity and headroom available to withstand severe but plausible events and carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. This assessment also included reviewing mitigating actions in respect of each principal risk.

The starting point for the viability assessment is the Group's strategic plan, which was updated and signed off by the Board in February 2023. Sensitivity analysis was applied to this base financial information and the projected cash flows were stress tested against a number of severe but plausible scenarios, the viability assessment being an extension of the going concern assessment (see note 2.1 of the financial statements). As of 1 April 2023, £175m of committed borrowing facilities available to the Group were undrawn, the covenants linked to the facilities are shown in note 20 of the financial statements. The Board reviewed the level of performance that would cause the Group to breach its debt covenants and considered all of the principal risks, focusing on those which have the potential to materially reduce Trading profit or adversely impact the Group's liquidity. The risks considered to have the greatest potential impact have been modelled in the downside scenarios, further detail of which are shown in the table on page 68.

Consideration has been given to the impact of climate change which identified an increase in costs of external specialists, capital investment and regulatory requirement within the assessment period, best estimates for which are included in the Group's strategic plan and a sensitivity was modelled as discussed above. An in-depth assessment of climate risk is progressing, providing greater insight into such risk, and while this work remains ongoing it is not believed that the climate-related risks would have a significant impact on the business within the five-year viability review period. See pages 38 to 48 for an overview of the work related to TCFD.

Viability statement

CONTINUED

In assessing the Group's viability, the Board also considered all the severe but plausible scenarios simultaneously materialising and for a sustained period, in conjunction with mitigating actions such as reducing discretionary costs and capital investment. The likelihood of the Group having insufficient resources to meet its financial obligations and breach its covenants is unlikely under this scenario.

In addition, a reverse stress test was conducted to identify the magnitude of Trading profit decline required before the Group breaches its debt covenant, which indicates that a Trading profit decline of broadly half in each year of the five-year review period is required to breach covenants, which is considered extreme and not plausible.

Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 1 April 2028.

Risk scenarios modelled	Action taken	Link to principal risks (on pages 60 to 66)
Materials, packaging, utilities and supply chain inflation in the market place.*	We have modelled further inflation in the market place, increasing input costs, we have assumed that this is not all recovered with an adverse impact on volume and margin.	1 3 4
A cyber-attack shuts down the operating systems temporarily stopping production.*	We have modelled production stopping at all manufacturing sites for two weeks in the viability review period, with the associated loss of sales due to the halt in production, and taking into account the levels of stock held.	7
Climate change: impact on revenue.*	We have modelled the expected reduction in revenue anticipated if Representative Concentration Pathway ('RCP') 8.5 were followed.	6 7
Managing human resources in response to unplanned events.*	We have modelled disruption to our supply chain due to the outbreak of an infectious disease which drives labour shortages or outbreaks leading to half of our manufacturing sites being closed for a one-week period on two occasions during the review window, including the associated loss of sales, and taking into account the levels of stock held.	4 7 9
Retailer strategy results in margin dilution.*	We have modelled a reduction in gross margin for our UK business over the viability review period.	1 3 10

* Risk impact included in the Going Concern 12-month review period.

The strategic report, set out on pages 08 to 68, has been approved by the Board.
By order of the Board

Simon Rose
General Counsel & Company Secretary
18 May 2023

Governance

IN THIS SECTION

Governance framework

How our Governance framework supports the delivery of the Group's strategic objectives

Our governance framework facilitates effective, entrepreneurial and prudent management that promotes the long-term success of the Group, generates value for shareholders and contributes to all our stakeholders whether customers, consumers, suppliers, employees, the

Shareholders

Shareholders and other stakeholders

Board

Chair

The Chair is responsible for the leadership of the Board, ensuring its effectiveness and promoting the highest standards of corporate governance. He chairs Board meetings, ensuring timely and accurate distribution of information and full review and discussion of agenda items.

Senior Independent Director

The Senior Independent Director (SID) supports the Chair and leads the non-executive directors in the oversight of the Chair. He is also available to shareholders, if they have concerns that cannot be raised through normal channels.

Committees

Nomination Committee

Responsible for Board appointments, succession planning and reviewing the structure, size and composition of the Board, ensuring that there is a healthy balance of skills, knowledge, experience and diversity on the Board. Provides oversight of Inclusion and Diversity, talent management and succession planning for the wider Group.

→ Further information can be found on pages 82 to 84

Company Secretary and Internal Audit

Company Secretary

The role of the Company Secretary is to ensure that there is an effective flow of information between executive management and the Chair and NEDs. The Company Secretary also advises the Board on legal and governance matters and supports the Board evaluation process and induction programme.

Executive Leadership Team (ELT)

The Board delegates day-to-day responsibility for managing the business to the ELT and its sub-committees. The ELT comprises of the heads of the commercial business units and key corporate functions. The ELT meets on a monthly basis, with weekly follow ups. Members of the ELT also regularly present to the Board.

government or wider society. The Board of directors is responsible for the governance of the Group, including setting the Group's purpose, values, the approach to ESG matters and strategy. It provides the leadership to put them into effect, supervising the management of the business, monitoring performance, and reporting to shareholders on their stewardship.

Non-executive directors ('NEDs')

The NEDs bring a range of knowledge and experience to the Board. Their role is to use their experience, objectivity and sound judgement to scrutinise and challenge executive management's plans and performance and the development of the Group's vision, values and strategy.

Workforce Engagement NED

The Workforce Engagement NED's role is to engage with colleagues across the business to ensure their views and concerns are brought to the Board and taken into account by the directors, particularly when they are making decisions that could affect the workforce.

Chief Executive Officer ('CEO')

The CEO is responsible for the day-to-day management of the Group, working with the Executive Leadership Team to ensure the implementation of the agreed strategy.

Chief Financial Officer ('CFO')

The CFO has responsibility for developing and implementing financial and operational strategies, financial risk management, treasury, investor relations and pensions strategy.

Audit Committee

Monitors the integrity of the Group's external reporting and provides oversight and governance of the Group's Internal Audit team, internal controls, risk management and the relationship with the external auditors. The committee also monitors compliance with TCFD reporting regulations and provides oversight of the Group's whistleblowing procedures.

→ Further information can be found on pages 85 to 89

Remuneration Committee

Responsible for setting the Directors' Remuneration Policy and the remuneration for the Chair, executive directors and senior management, to ensure that it is aligned with the Group's strategic objectives and culture, and oversight of the remuneration of the wider workforce.

→ Further information can be found on pages 90 to 114

Internal Audit

Internal Audit is responsible for providing the Audit Committee and Board with independent assurance that the Group's internal control and risk management processes are operating effectively.

→ Further information can be found on pages 87 and 88

ESG Governance Committee

Chaired by the CEO and including members of the ELT, the committee is responsible for setting the Group's ESG strategy, monitoring performance and ensuring ESG is embedded into the way the business operates.

→ Further information can be found on page 29

TCFD Steering Group

Responsible for assessing and managing climate-related risks and opportunities and embedding the TCFD framework across the business.

→ Further information can be found on page 39

Inclusion and Diversity Steering Group

Responsible for implementing and reviewing the Group's approach to inclusion and diversity.

→ Further information can be found on pages 15

Board of directors

Colin Day
NON-EXECUTIVE CHAIR

Appointed to the Board
August 2019 (appointed Nomination Committee Chair in August 2019)

Skills and experience
Colin retired as Chief Executive of Essentra plc in 2017, was previously Chief Financial Officer at Reckitt Benckiser plc for over 10 years and, prior to that, at Aegis Group plc. He has served as a non-executive director on the boards of major UK plcs, including Amec Foster Wheeler, WPP, Cadbury, Imperial Brands, easyJet, and Meggitt.

Colin is currently a board member of the Department for Environment, Food and Rural Affairs (Defra) and chairs the Defra Audit and Risk Assurance Committee. He is a non-executive director and Audit Committee Chair at Euromoney Institutional Investor plc and S4 Capital plc and a non-executive director of FM Global. He is also a member of the Board and Finance Committee of Cranfield University.

Colin is a Fellow of the Association of Chartered Certified Accountants and has an MBA from Cranfield School of Management.

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Alex Whitehouse
CHIEF EXECUTIVE OFFICER

Appointed to the Board
August 2019

Skills and experience
Alex joined the Company in July 2014 and was appointed Managing Director of the Grocery Strategic Business Unit in September 2014. He was promoted to UK Managing Director in April 2017. Alex has significant senior international, marketing, sales, strategy, innovation and general management experience gained across multiple geographies. He spent 18 years with Reckitt Benckiser plc, where he held senior leadership roles, including Managing Director, New Zealand and Worldwide Head of Shopper and Customer Marketing. Earlier in his career, he held a number of retail management positions with Whitbread plc.

Duncan Leggett
CHIEF FINANCIAL OFFICER

Appointed to the Board
December 2019

Skills and experience
Duncan joined the Company in September 2011 and has held a number of senior roles within finance, including Group Financial Controller and, most recently, Director of Financial Control and Corporate Development. Prior to joining the Company, Duncan spent nine years at KPMG, working with clients across a variety of industries. Duncan's responsibilities include operational and corporate finance, corporate development, investor relations and pensions. He is a qualified Chartered Accountant.

Richard Hodgson
SENIOR INDEPENDENT DIRECTOR

Appointed to the Board
January 2015 (appointed SID in May 2019)

Skills and experience
Richard is Chief Executive Officer of The SnowFox Group and has over 20 years' experience in the food industry. He was previously Chief Executive Officer at Pizza Express, a role he held for four years until May 2017. In 2010, he was appointed Commercial Director at Morrisons, a newly created role, combining Trading and Marketing. Richard joined Waitrose in 2006 as Commercial Director and, prior to that, spent 10 years at Asda holding a number of senior roles culminating in his appointment as Marketing & Own Brand Director.

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Simon Bentley
NON-EXECUTIVE DIRECTOR

Appointed to the Board
February 2019 (appointed Audit Committee Chair in March 2019)

Skills and experience
Simon has over 30 years' experience in finance and retail, having previously served as Chair and Chief Executive of Blacks Leisure Group plc, Acting Chair/Senior Independent Director of Frasers Group plc (formerly Sports Direct International plc), Chair of Umberto Giannini, and Deputy Chair of Mishcon de Reya. Earlier in his career, Simon spent 10 years with accountancy firm Landau Morley, latterly as a Senior Partner. Simon is also Chair of Gingerbread, the leading national charity working with single parent families. He is a qualified Chartered Accountant.

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Roisin Donnelly
NON-EXECUTIVE DIRECTOR

Appointed to the Board
May 2022

Skills and experience
Roisin has over 30 years' marketing and brand building experience, gained at Procter and Gamble, where she was responsible for a large portfolio of leading consumer brands within the UK, Europe, EMEA and the Americas, during a varied career. Most recently, she spent 12 years as Chief Marketing Officer, UK and Ireland, and then two years in the same role for Northern Europe before leaving the Company in 2016. Roisin has served as a non-executive director of Just Eat plc, Holland & Barrett Ltd, Homeserve plc and Bourne Leisure Ltd. She is currently a non-executive director of NatWest Group plc and Sage Group Plc and a member of the Digital Advisory Board of Coca-Cola Europacific Partners.

A R I

Tim Elliott
NON-EXECUTIVE DIRECTOR

Appointed to the Board
May 2020

Skills and experience
Tim has nearly 40 years' experience in investment banking and corporate finance, advising a wide range of companies and industries, particularly those in the consumer and retail sectors. During his career, Tim held Managing Director roles at both Barclays Capital and JP Morgan and, more latterly, was a Partner and Consultant at KPMG. Tim has deep knowledge and experience of capital markets and is currently Senior Advisor at Alvarez & Marsal LLP.

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Tania Howarth
NON-EXECUTIVE DIRECTOR

Appointed to the Board
March 2022

Skills and experience
Tania has extensive senior executive experience from her roles across global FMCG businesses. Until 2017, she was Chief Operating Officer of Nomad Foods, a European frozen foods business listed on the NYSE, with household brands such as Birds Eye, Findus and Iglo. During her 10-year tenure, she had responsibility for Supply Chain, Quality, HR, IT and M&A integration. Prior to this, Tania was CIO for Coca-Cola's European and African businesses and spent nine years at Walkers Snack Foods, latterly as CIO. Tania is currently non-executive Chair of Ozo Innovations Ltd, a sustainable hygiene solutions company, an advisor to the Private Equity business within Goldman Sachs Asset Management, and a member of the Technology Advisory Board at NatWest Group plc.

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Helen Jones
NON-EXECUTIVE DIRECTOR

Appointed to the Board
May 2020 (appointed Workforce Engagement NED in September 2020 and Remuneration Committee Chair in July 2022)

Skills and experience
Helen brings 35 years of commercial and general management experience for FMCG and multi-site consumer businesses. During her executive career, Helen was previously Group Executive Director of Caffe Nero Group Ltd and Managing Director of Zizzi restaurants. Prior to this, Helen spent nine years at Unilever and was the successful architect for the launch of the Ben & Jerry's brand in the UK and Europe. Helen is currently non-executive director and Senior Independent Director of Halfords plc and non-executive director and Remuneration Committee Chair of Fuller, Smith & Turner plc and Virgin Wines UK PLC.

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Yuichiro Kogo
NON-EXECUTIVE DIRECTOR

Appointed to the Board
March 2021

Skills and experience
Yuichiro is Head of Business Development, Deputy General Manager (Corporate Planning Division) of Nissin Foods Holdings Company Limited ('Nissin') and is responsible for devising Nissin's M&A strategy, as well as originating and executing business alliance and investment transactions. Prior to joining Nissin, in September 2016, he was Vice President at the Investment Banking Division of Goldman Sachs Japan Co., Ltd. During his nine years at the firm, his key responsibilities included execution of global equity/debt financing transactions, as well as coverage of corporate clients across multiple industry sectors, including technology, steel and natural resources. Yuichiro received a BA in Economics from Keio University in 2001 and an MBA from the University of Chicago in 2007.

Lorna Tilbian
NON-EXECUTIVE DIRECTOR

Appointed to the Board
April 2022

Skills and experience
Lorna has extensive experience as an equity analyst covering the media sector and an investment banker with strong financial analysis and leadership skills. During her career, Lorna was executive director and Head of the Media Sector at Numis Corporation PLC until her retirement in 2018. She was a founder of Numis when it launched in 2001, having previously worked at Sheppards as a director at SG Warburg and an executive director of WestLB Panmure. Lorna is executive Chair of Dowgate Capital Ltd, sits on the Board of Dowgate Wealth Ltd and is a non-executive director of Rightmove plc, Finsbury Growth & Income Trust plc and ProVen VCT plc.

N I

Committee membership
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Committee Chair
- I Independent

Governance overview

Chair's introduction

Dear shareholder,

On behalf of the Board, I would like to introduce the Group's corporate governance statement for FY22/23.

Board leadership

The Board leads the Group's governance structure. It provides stewardship of the Company with the purpose of safeguarding its long-term sustainable success, creating value for the Group's shareholders and other stakeholders, and enabling the Group to make a positive contribution to the communities and wider societies in which it operates.

Purpose, values and culture

One of the Board's responsibilities is to assess and monitor culture and behaviours throughout the organisation, to ensure these are aligned with the Group's strategy.

We continue to make progress with embedding the Group's purpose and values across the business; increasing investment in communication and engagement with colleagues; and up-weighting training in areas such as leadership and Inclusion and Diversity. We monitor progress through regular HR updates, Group-wide colleague surveys, site visits by the Board, issues raised in whistleblowing helpline calls, colleague retention levels and through the work of the Workforce Engagement NED.

The Board reviewed the Group's purpose, values, strategy and culture as part of the review and approval of the Group's five-year strategic plan in February 2023; the Board's effectiveness in monitoring the culture and behaviours throughout the organisation was also considered as part of this year's external Board evaluation and rated positively.

Group strategy

The Board has an important role to play in reviewing and approving the Group's strategy, and in providing effective oversight of the implementation of the key elements of the strategy, in order to deliver long-term sustainable growth. Over the year, the Board has reviewed the Group's five-year strategic plan, the key steps to deliver the stretching growth plans and the organisational design needed to implement it.

Changes made to the structure of meetings and agenda items last year have aided focus on the delivery of the Group's strategic priorities. The changes have resulted in enhancing the balance of time spent reviewing operational performance and allowed more time for forward-looking matters, such as innovation, investment and growth initiatives. In addition, in light of the increased size of the Board, committee membership was reviewed, and the changes made took effect from the end of the 2022 AGM. The new committee memberships are set out on the opposite page.

ESG strategy and climate risks

The Board has overall responsibility for the Group's ESG strategy and oversight of the climate-related risks the business faces as a leading UK food producer.

In 2021, the Board approved a strengthened ESG strategy, the Enriching Life Plan, which is focused on three areas: Product, Planet and People. The Board delegates day-to-day management of the ESG strategy to the ESG Governance Committee, which is chaired by the CEO and is supported by the ESG Director, members of the ELT and subject matter experts from across the Group. Regular updates are provided by the CEO. The Board reviews ESG strategy on a biannual basis and progress against ESG targets are reported at each scheduled Board meeting.

Climate-related risks are incorporated into the Group's Enterprise Risk Management framework. This ensures a bottom-up approach to identifying and quantifying risks for prioritisation, as well as oversight through appointed members of the ELT, the Audit Committee and, ultimately, the Board. In addition, the ESG Governance Committee oversees the TCFD Steering Group, which is responsible for embedding the TCFD framework across the business. ESG matters and climate risks are considered by the Board when making key decisions as part of its responsibility to consider matters under Section 172 of the Companies Act.

Governance, risk and internal control

The Board is responsible for the oversight of risk and the effectiveness of the Group's system of internal control, including the financial reporting process. In so doing, it ensures that the necessary resources are in place for the Company to meet its objectives and to measure its performance. The Board has an effective governance and risk framework, which has been devised to ensure that the Group is being operated and managed appropriately, and that prudent and effective controls are in place to identify and manage or mitigate those risks.

During the year, the Board has undertaken a robust assessment of the Group's emerging and principal risks.

The Board noted that the macro-economic environment remained challenging and has monitored the impact of elevated levels of inflation on the business and key stakeholders, such as consumers, customers, colleagues and suppliers. The overall cyber security landscape also remained an area of elevated risk and the Board continued to receive regular updates on the Group's IT strategy and management actions to strengthen resilience. This included third-party penetration testing of the Group's systems, a Group-wide cyber awareness programme, investment in technology infrastructure at manufacturing sites and the strengthening of systems to support the Group's internal controls systems.

The Board has delegated authority for monitoring risk management and internal controls to the Audit Committee and further information is set out on pages 87 to 88.

Workforce engagement

The Board and its committees receive regular updates on workforce matters, and this is a standing item reported to the Board via regular HR reports. This includes updates on key issues, such as site-based pay negotiations, vacancies and recruitment, the review of talent management and succession plans, the results of periodic employee engagement exercises and action plans to address the issues raised.

These activities are enhanced by the work of the Remuneration and Audit Committees, which review remuneration arrangements for the workforce across the business and the issues raised via the Company's confidential whistleblowing helpline and management's response to them.

Helen Jones, as the Company's Workforce Engagement NED, has an important role in fostering effective engagement with the workforce to enable the Board to be kept informed of the views of the workforce, and ensure these views are taken into consideration as part of the Board's decision-making process. 'Voice Forums' have been established at all our sites, facilitating two-way engagement with colleagues across the business. During the year, Helen attended these meetings at various sites and the results were fed back to the Board. Updates were provided on the impact of the cost of living crisis on lower-paid colleagues, recruitment challenges for certain skilled roles and the need for continued site investment. Appreciation was noted for the cost of living payments made to non-management colleagues, the availability of products via the 'Company Store' and the work being undertaken at sites in regard to Inclusion and Diversity and mental health support.

Compliance with the UK Governance Code 2018

The Board supports the principles laid down by the UK Governance Code 2018 (the Governance Code) as issued by the Financial Reporting Council, which applies to accounting periods beginning on, or after, 1 January 2019 (available at www.frc.org.uk).

The Company does not currently have a formal post-employment shareholding requirement (Provision 36), but is proposing to introduce one as part of the new Directors' Remuneration Policy, which, if approved by shareholders, will come into effect following the AGM in 2023 (further details are set out in the Directors' Remuneration report on page 91).

The Board considers that it has complied with the requirements of the Governance Code during the financial year, with the exception of the matter highlighted above.

Annual General Meeting (AGM)

We understand the importance of the AGM to shareholders and value the opportunity to meet in person. We were, therefore, pleased to be able to welcome our shareholders in person to our AGM in 2022, as well as offering the option of joining the meeting remotely via webcast.

This year, we look forward to welcoming shareholders in person once again to the AGM, which will be held at our head office, Premier House, Centrium Business Park, Griffith's Way, St Albans AL1 2RE, on Thursday 20 July 2023 at 11.00 am. I look forward to meeting with shareholders then.

Colin Day
Non-executive Chair

18 May 2023

Board attendance

During the year, there were seven scheduled meetings of the Board, four meetings of the Audit Committee, five meetings of the Remuneration Committee and two meetings of the Nomination Committee. In addition, a number of other Board and Committee meetings and calls were convened for specific business.

All directors are expected to attend the AGM, scheduled Board meetings and relevant Committee meetings, unless they are prevented from doing so by prior commitments. Where a director is unable to attend a meeting, they have the opportunity to read the papers and ask the Chair to raise any comments. They are also updated on key discussions and decisions that were taken at the meeting. Non-executive directors also have the opportunity to meet without management present.

Details of Board and Committee membership, and attendance at scheduled Board meetings and Committee meetings, are set out in the table below.

All directors attended the AGM in 2022. Lorna Tilbian was unable to attend one Board meeting, Richard Hodgson was unable to attend two Remuneration Committee meetings and Roisin Donnelly was unable to attend one Remuneration Committee meeting, due to other business commitments, which could not be rescheduled.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive directors				
Alex Whitehouse	7/7	–	–	–
Duncan Leggett	7/7	–	–	–
Non-executive directors				
Colin Day	7/7	–	–	2/2
Richard Hodgson	7/7	1/1	3/5	2/2
Simon Bentley	7/7	4/4	1/1	1/1
Roisin Donnelly	7/7	3/3	3/4	–
Tim Elliott	7/7	4/4	5/5	1/1
Tania Howarth	7/7	4/4	1/1	2/2
Helen Jones	7/7	1/1	5/5	1/1
Yuichiro Kogo	7/7	–	–	–
Lorna Tilbian	6/7	–	–	2/2

Rosin Donnelly was appointed as non-executive director on 1 May 2022.

In light of the increased size of the Board, the structure of Committee membership was reviewed and the following membership was put in place with effect from the end of the 2022 AGM:

Nomination Committee
Colin Day (Chair)
Richard Hodgson
Tania Howarth
Lorna Tilbian

Audit Committee
Simon Bentley (Chair)
Roisin Donnelly
Tim Elliott
Tania Howarth

Remuneration Committee
Helen Jones (Chair)
Roisin Donnelly
Tim Elliott
Richard Hodgson

Governance overview

CONTINUED

Conflicts of interest

The Group has procedures in place for managing conflicts of interest and directors have continuing obligations to update the Board on any changes to these conflicts. This process includes relevant disclosure at the beginning of each Board meeting as well as the Group's annual formal review of potential conflict situations, which includes the use of a questionnaire.

Under our Relationship Agreement with Nissin (who held 24.9% of issued share capital as at 1 April 2023), Nissin is entitled to nominate an individual for appointment to the Board. This is conditional upon Nissin retaining an interest in shares in the Company (representing 15% of issued share capital). A summary of the principal terms of the Relationship Agreement can be found on the Company's website. During the period to 1 April 2023, no other director had a material interest at any time, in any contract of significance with the Company or Group other than their service contract or letter of appointment.

Induction

All directors receive a tailored induction on joining the Board covering their duties and responsibilities as directors. Non-executive directors also receive a full briefing on all key areas of the Group's business and they may request further information as they consider necessary. A typical induction would include meetings with Board colleagues, the ELT and key management, site visits and an induction on directors' duties, key elements of the Listing Rules, Disclosure and Transparency Regulations and Market Abuse Regulation and the operation of the Board and its Committees.

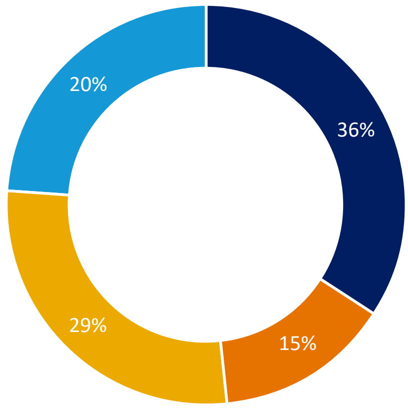
Board information

The main source of information provided to directors is via the Board papers, which are designed to keep directors up to date with all material business developments in advance of Board meetings. In addition, training on specific issues is provided as and when required. Non-executive directors also meet with senior management outside of Board meetings to discuss specific areas of interest in more detail, e.g. brand and marketing plans, customer strategy and pension investment strategy. Board papers, generally, contain the following standing items: CEO business review; CFO review (incorporating Investor Relations and Treasury), Financial dashboard and KPIs, Commercial and Performance review, Health and Safety and ESG performance. In addition, there are quarterly, biannual and periodic updates on a range of matters, such as Human Resources, diversity, talent management, corporate affairs, commercial performance, new product development, customer service levels, operations and logistics, ESG strategy, strategic projects, and capital expenditure.

Terms of reference

During the year, the Board reviewed the matters reserved for the Board, and the terms of reference for each of its committees, to update them with recent developments in corporate governance and best practice. The committees terms of reference can be found on the Group's website.

Board allocation of time over the year



- Strategic development and implementation: 36%
- Operational performance: 15%
- Financial performance and risk: 29%
- Environmental, Social and Governance (including colleagues and Health & Safety): 20%

(As at 1 April 2023)

Key Board activities in the year

Set out below are details of the key areas of focus over the course of the financial period.

Strategic development and implementation

- Reviewed progress on the Group's five-year strategic plan, the strategy to implement this plan, and the Group's business plans for the medium-term.
- Considered and approved an assessment of the viability of the Group's Knighton factory.
- Approved the acquisition of The Spice Tailor group of companies.
- Reviewed the Group's property strategy.
- Monitored the investment strategy, investment performance and funding levels of the Group's defined benefit pension scheme.
- Monitored the progress of key strategic projects.
- Received updates on customers and commercial execution.
- Reviewed NPD strategy and initiatives.

Operational performance

- Monthly trading updates from the UK and international businesses.
- Received regular updates on external matters impacting the Group including the elevated levels of inflation and the ongoing impact of the cost of living crisis on the business and key stakeholders.

Financial performance and risk

- Approved the annual budget, re-forecasts and monthly management accounts.
- Continued to review the medium-term financing requirements of the Group.
- Reviewed updates on the audit tender process and approved the appointment of the new auditor.
- Monitored the funding levels and investment strategy of the Group's defined benefit pension schemes, and approved an amendment to the Group's Pensions Framework Agreement.
- Reviewed key risks facing the business, including environmental risks, emerging risks and the risk appetite of the business.
- Reviewed cyber security and resilience of IT the Group's strategy to enhance processes and procedures.
- Reviewed viability statement over the next three years.
- Approved the Half Year and Full Year results, and the Q1 and Q3 trading statements.
- Monitored trading performance and approved a trading update.
- Reviewed annual report to confirm it is fair, balanced and understandable.

Governance and culture

- Reviewed diversity within the Board and for the wider Group.
- Reviewed the Group's medium-term plans for organisational structure, to ensure it was aligned with, and supported, the Group's strategic plan and growth strategy.
- Engaged in and reviewed the feedback from the externally-facilitated Board and committee evaluations.
- Received updates from the Workforce Engagement NED.
- Reviewed governance best practice and the Governance Code.

Responsibility and sustainability

- Reviewed updates on the Group's ESG Strategy, the Enriching Life Plan and the targets set under each of the three pillars.
- The Board reviewed updates regarding the Group's approach to Health and Safety, product safety and trends and issues relating to nutrition, modern day slavery, gender pay, Inclusion and Diversity and plastic packaging.

Governance overview

CONTINUED

Board and committee evaluation

The Board conducts a three-year rolling evaluation process, which normally follows the following format:

Year 1

An externally facilitated evaluation is carried out to assess the effectiveness of the Board, each committee and the Chair. The input of each Board member is kept confidential to foster open, honest and in-depth feedback. A report is presented to the Board and an action plan prepared.

Years 2 and 3

An internally facilitated evaluation is managed by the Company Secretary. A questionnaire is prepared by the Company Secretary, in conjunction with the Chair, focusing on core responsibilities of the Board. It also builds on the key development areas identified in the prior year. The input of each Board member is kept confidential to foster open, honest and in-depth feedback. A report is presented to the Board and an action plan is drawn up.

FY22/23 evaluation

This is the first year of the three-year rolling evaluation process and, therefore, an externally facilitated evaluation was undertaken by Lintstock, (who have no other connection with the Company). Lintstock worked with the Company Secretary and Chair to devise comprehensive questionnaires covering a wide range of areas. The review covered the Board, its Committees and the Chair, CEO and CFO, as well as the Board's oversight of the Group's ESG strategy.

Lintstock created a report compiling the feedback and presented this to the Board with recommendations on areas of focus. Following the review, the Board approved an action plan to improve areas highlighted by the evaluation over the forthcoming year.

Outcomes from the FY22/23 evaluation

Overall, the responses to the Board and Committee questions were very positive and demonstrated that the Board had made positive progress since the last external benchmark undertaken by Lintstock.

Areas of strength that were highlighted included the composition and diversity of the Board, meeting management, Board packs, reporting from Committee chairs, oversight of corporate and ESG strategies, and the understanding of stakeholder matters. It was noted that the Board had a strong focus on strategy and demonstrated a collaborative and engaged mindset, and that meetings were being conducted in a positive and constructive way. The results were also benchmarked against Lintstock's Governance Index to provide insight on the Company's performance relative to its peers.

Following the review, the Board agreed that its focus over the next 12 months should include:

- **Strategy** – Execution of the Group's ambitious strategic growth plans, with a particular focus on international expansion, M&A and infrastructure investment.
- **Innovation** – Maintain focus on the new product development.
- **Consumers** – Strengthen understanding of consumer preferences and behaviours, and how best to respond to them.
- **Colleague matters** – Continue to review succession plans, the organisational design needed to support the Group's growth strategy and continued focus on diversity.
- **Risk** – Monitor the risk landscape for the business, including the inflationary environment and its impact on stakeholders (including suppliers, customers and consumers) and the continued need to monitor and, where possible, mitigate cyber security risk.

Assessment of the Chair's performance

As part of the annual Board evaluation process, Richard Hodgson, the Senior Independent Director, ('SID'), led a review of the Chair's performance. A meeting was held with the other non-executive directors, without the Chair being present. The review focused on the relationship between the Chair and the CEO, the overall leadership of the Board, the governance process, the conduct of Board meetings and the quality of debate. In addition, the Chair's relationship with major shareholders and his understanding of their priorities were discussed.

A summary of the key findings was shared at a subsequent meeting between the SID and the Chair. It was also noted that the Chair had no other significant external commitments and was able to dedicate sufficient time to the role.

Stakeholder engagement and Section 172(1) statement

Our approach

The Board is responsible for leading shareholder engagement. Like many major UK businesses, the Group operates in a complex and interconnected commercial and regulatory environment, which impacts and touches many different stakeholders. By understanding and engaging with stakeholders, the Board can consider their interests and priorities when making key decisions.

This also aligns with our purpose of Enriching Life Through Food for our consumers, our planet and our colleagues, and ensures that we work constructively with stakeholders to deliver value creation and promote the long-term sustainable success of the Group.

The table on pages 80 and 81 sets out our key stakeholders and our engagement with them. Set out below are two case studies, which illustrate where the Board has taken into consideration the interests of various stakeholder groups.

Knighton factory

The site at Knighton has a complex ownership history and the business has worked hard to explore multiple options to improve its commercial viability since it regained full management control in May 2016. This included progress to reduce the cost base and increase efficiency. However, despite these efforts, it remained reliant upon short-term marginal contracts, which did not cover the overheads associated with running the factory.

The site has aged infrastructure, which would be difficult to improve significantly and bring in line with operational and environmental standards fit for the future. Moving production to other Premier Foods' sites, will allow the business to reduce its overall environmental impact.

Against this backdrop, it was proposed in January 2023 to enter a consultation process with colleagues regarding the future of the site and, following this consultation, a decision was made to close it.

The Board was concerned about colleagues affected by the proposal and the subsequent impact on the local supply chain and community. The Group fully supported colleagues throughout the consultation process and sought to mitigate the impact on affected colleagues, including making colleagues aware of alternative roles at other sites, offering a range of training programmes to enhance skills and qualifications and working with other local employers to share opportunities within their organisations. The business also engaged with local residents during the consultation period and continues to honour all obligations with regard to services provided from the site.

The Board met on several occasions over the year to review the proposals for the factory in detail and considered alternative options for the site, including the potential to sell the business as a going concern. The Board reviewed the contingency planning and risk assessment to customers and the ongoing supply of product to the Group's other sites. In addition, it reviewed the communications plan, consultation process, financial impact and proposed timetable, associated with a decision to close the site. As part of this review, the Board has considered a wide range of stakeholders, including site colleagues, the local community, customers, environmental matters and alignment with the Group's long-term growth strategy.

Capital allocation

As part of its review of the Group's strategic plan and budget, the Board has considered capital allocation over the short to medium term and the importance of balancing investment choices and the needs of different stakeholder groups. This included choices for investment in the business to launch NPD, improve efficiency, enhance environmental performance, and support colleague talent and development, in order to drive the Group's growth strategy, the potential for further targeted acquisitions, debt servicing and financing, and the requirements of shareholders and pension schemes.

The Board is conscious of the importance of dividend payments for shareholders and, over the last few years, the Company has made significant progress in deleveraging the business and reducing Net debt to a level that enabled the reintroduction of dividend payments in 2021 (see our KPIs on pages 56 to 59. As part of its progressive dividend policy, the Company has proposed a final dividend for FY22/23 of 1.44p per share to shareholders, representing a 20% increase on the prior year.

Governance overview

CONTINUED

Customers and consumers	Colleagues	Suppliers

Why these stakeholders are important to our business

Customers and consumers

Customers and consumers buy and eat our products – they are at the heart of the Group's business model.

Colleagues

We have an experienced and dedicated workforce of over 4,000 colleagues at 15 sites across the UK. We have a responsibility to ensure all colleagues work in a safe environment and have opportunities to learn and develop in their careers.

Suppliers

We are one of the UK's largest food producers and we are proud to work with many British suppliers. Over the year, 84% of our total third-party spend was with UK-based suppliers.

Issues and factors that are most important to these stakeholders

Customers and consumers

- Category leadership
- Excellent customer service levels
- Innovative, relevant products that meet consumers' needs
- Great-tasting products
- Convenient and responsible packaging formats
- Environmental, nutritional and sustainability issues

Colleagues

- Understanding our purpose, strategy and values
- Reward and recognition
- Safe and pleasant working conditions
- Learning and development opportunities
- Health and well-being
- Inclusion and Diversity

Suppliers

- Understanding the Group's strategy and growth plans
- Forming long-term collaborative partnerships
- Transparent terms of business
- Fair payment terms

Engagement and outcomes

Customers and consumers

We seek to develop sustainable partnerships with our customers focused on driving mutual category growth. Regular meetings take place at many levels, through the sales team, senior management and CEO. These cover range reviews, new products, promotions, displays and service levels. Feedback from customers is also provided via an annual customer survey.

Customer insights, from various channels, are shared and discussed at Board meetings, including details on consumer behaviours, market trends and competitor activities. Product tastings and NPD are showcased at Board meetings. Customer and consumer feedback is reported to the Board via KPIs.

It is essential that we engage with our consumers so that we can understand consumption and lifestyle trends in order to help us to create products that meet their needs.

We have a dedicated Consumer Careline, through which we monitor and deal with issues our consumers raise.

We also regularly benchmark our products with consumers in blind panel tests.

Colleagues

We communicate and engage with colleagues in many ways throughout the year, to ensure they understand our business priorities and performance. This ensures that, in turn, we can listen to their issues and concerns.

We have regular Company briefings led by the CEO and shared by video feed to all sites across the Group. There are regular site briefings from management to give presentations and listen to feedback, supplemented by ELT and Board visits.

Feedback is received via Group employee surveys, line management and HR teams, resulting in targeted action plans to address key areas for improvement. The Board receives regular updates on key employee issues and internal communications.

To increase the focus on two-way communication, the Workforce Engagement NED regularly attends employee forums to discuss key issues directly with colleagues.

A formal whistleblowing procedure is in place to allow employees to raise any concerns or issues they have confidentially, and details of all cases raised are fed back to the Board via the Audit Committee.

Suppliers

It is crucial that we develop strong relationships with our suppliers, based upon mutual trust and respect, to ensure that we can source high-quality ingredients at the right price.

We have open, constructive and effective relationships with suppliers through regular meetings, which provide both parties the ability to feed back on successes, challenges and our ongoing strategy.

Regular audits of suppliers are undertaken to ensure compliance with ethical sourcing standards. Feedback from suppliers is also provided via feedback surveys. The Company's whistleblowing hotline has been extended to include suppliers to allow them to raise any concerns anonymously.

Key supplier contracts are discussed by the Board as appropriate.

Payment policies, practice and performance are reported through the Government's Payment Practices Reporting portal.

Further information

→ Read more on Making nutritious and sustainable food on pages 30 and 31.

→ Read more on Nourishing the lives of our colleagues and communities on pages 34 and 35.

→ Read more on Contributing to a healthier planet on pages 32 and 33.

→ Read more on Baked-in behaviours on pages 36 and 37.

Communities and environment	Government and society	Bond holders, bank and pension schemes	Shareholders, investors and analysts
As a responsible food manufacturer, we consider the impact we have in the areas we operate, including local businesses, residents and charities. We also have an important role to play in ensuring we reduce our impact on the environment.	The Board believes in the importance of acting responsibly and operating with high standards of business conduct. The Group also takes an active role in seeking to shape and influence debates around key issues in society relating to food safety, nutrition and health and well-being issues.	The Group's banks, bond holders and lending group provide essential financing that supports the long-term viability of the Group. The Group also has a large defined benefit pension scheme, with approximately 42,000 pensioners and deferred pensioners, who depend on the Group's long-term ability to fund the schemes.	An important role of the Board is to represent and promote the interests of its shareholders, as well as being accountable to them for the performance and activities of the Group.
• How our factories impact on local communities • Volunteering and supporting charities • Reducing carbon emissions • Environmental commitments • Reducing plastic packaging and improving recyclability	• Food safety • Nutrition • Tax • Conducting business in a fair way	• Regular communications with regards to the Group's strategy and trading performance • Cash flow and Net debt levels • The strength of our employer covenant • Ongoing schedule of contributions	• Shareholder return over the medium-term • Good governance and stewardship of the Group and its brands • Delivery of financial performance • Maintaining the appropriate level of leverage • Dividends
Updates are provided to the Board on ESG (Environmental Social and Governance) matters affecting the business, so that the long-term sustainability of the Group can be considered in its decision making. The Board receives updates on KPIs relating to our economic contribution and environmental impact, as well as our contributions to the community, both at a local site level and via the work we do with our corporate charity partners. In 2021, the Board reviewed and approved a new ESG strategy, the Enriching Live Plan, based around three pillars: Product, People and Planet.	The Board receives regular updates from the Corporate Affairs & ESG Director on key regulatory issues affecting the Group and the food industry, such as nutritional guidelines, advertising and promotions. The General Counsel & Company Secretary provides updates on governance, legal, regulatory and compliance matters. We seek to take an active role in responding to the key issues affecting our industry, through membership of organisations such as the Institute for Grocery Distribution and the Food and Drink Federation.	Management engages regularly with the Group's lenders, bond holders and banking group via conference calls, conferences and face-to-face meetings. During the first half of the year, the Group completed the first extension of its new Revolving Credit Facility to 2025. The CFO maintains a regular dialogue via attendance at Trustee and Investment Committee meetings and regularly reports on the Group's trading performance. Periodic updates are provided to the Board on funding levels and investment strategy.	The Board believes it is very important to engage with its shareholders and does this in a number of ways. This includes the financial results presentations and conference calls for shareholders and analysts, face-to-face meetings, investor road shows and anonymous shareholder feedback via brokers. The Chair and CEO meet regularly with shareholders to discuss strategic and governance matters. The SID and committee Chairs also engage with shareholders on specific matters, when appropriate. Board members also have the opportunity to meet with private shareholders at the Company's AGM. The Group reinstated dividend payments in 2021 and the Board has recommended a final dividend for FY22/23 of 1.44p, an increase of 20% from the prior year.
→ Read more on Nourishing the lives of our colleagues and communities on pages 34 and 35. → Read more on Contributing to a healthier planet on pages 32 and 33.	→ Read more on Baked-in behaviours on pages 36 and 37.	→ Read more on Net debt and free cash flow KPIs on page 57	→ Read more on Engagement with shareholders on page 91

Nomination Committee report

Dear shareholder,

On behalf of your Board, I would like to present the Nomination Committee report for the period ended 1 April 2023.

The responsibilities of the Committee are set out in its terms of reference (available on the Group's website), and include:

- Considering the size, structure and composition of the Board;
- Leading the formal, rigorous and transparent process for the appointment of directors;
- Making appointment recommendations so as to maintain an appropriate balance of skills, knowledge, experience and diversity on the Board;
- Ensuring a formal and rigorous Board and Committee evaluation is undertaken on an annual basis (an overview of which is provided on page 78); and
- Overseeing the Company's policy, objectives and strategy on Inclusion and Diversity.

The Committee also reviews the succession requirements of the Board and senior management and makes recommendations to the Board as appropriate. With the exception of myself, as Chair of the Board, only independent non-executives are members of the Committee. I was appointed Chair of the Board in 2019 and was considered fully independent on appointment. Details of the Committee's membership and meeting attendance are set out on page 75.

Board membership and recruitment

The procedures for appointing new directors are also set out in the Committee's terms of reference. The process of appointment is led by the Chair of the Board, except where the appointment is for their successor, when it is led by the Senior Independent Director ('SID'). The process includes an assessment of the time commitment expected for the role, other significant business commitments and any potential conflicts of interest.

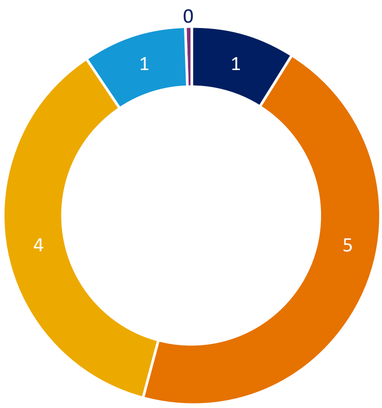
Before an appointment is made, the Nomination Committee evaluates the balance of skills, knowledge, experience and diversity on the Board, as well as the skills required to help deliver the Group's strategy and meet the future challenges of the business.

The Committee prepares a candidate specification setting out the role and capabilities required. Non-executive directors and the Chair of the Board are generally appointed for an initial period of three years, which may be renewed for a further two terms. Reappointment is not automatic at the end of each three-year term. As noted in last year's Nomination Committee report, Roisin Donnelly was appointed as a non-executive director on 1 May 2022, following a rigorous external search process.

During the financial year, a review of Committee membership was undertaken and, following a recommendation to the Board, this came into effect following the close of the AGM in 2022 (see page 75 for details of the new committee memberships). The Committee also considered the composition, balance and diversity of the Board, reviewed succession plans for executive directors and, as part of the external Board evaluation exercise undertaken in the year (see page 78), a review of the Committee's effectiveness was undertaken.

Board tenure

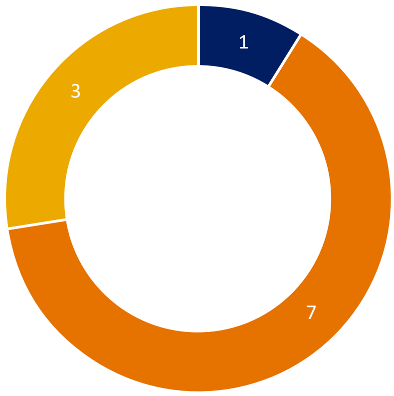
The average length of appointment of our NEDs was three years, as at year end. The breakdown for the full Board can be seen in the following chart.



0–1 years
1–3 years
3–6 years
6–9 years
9+ years
(As at 1 April 2023)

Board independence

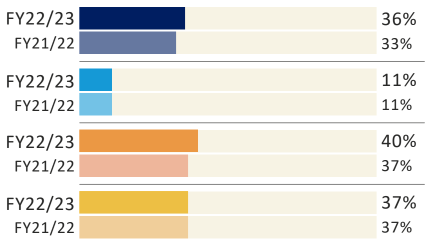
The Governance Code recommends that at least half the Board, excluding the Chair, should comprise non-executive directors determined by the Board to be independent.



Chair
Independent directors
Non-independent directors
(As at 1 April 2023)

Only independent NEDs are members of the Board's committees, with the exception of the Chair of the Nomination Committee. The Chair of the Board, who was considered independent on appointment, chairs the Nomination Committee, but is not a member of the Audit or Remuneration Committees. Yuichiro Kogo, who represents our largest shareholder, is fully independent of management, but is not considered independent.

Gender diversity



FY22/23

- Board – (4 of 11)
- ELT – (1 of 9)
- ELT and direct reports (23 of 57)
- All colleagues (1,505 of 4,098)

FY21/22

- Board – (4 of 12)
- ELT – (1 of 9)
- ELT and direct reports (20 of 54)
- All colleagues (1,604 of 4,332)

(Female: total, as at 1 April 2023)

Talent and Succession management

The Board reviews the Group's Talent and Succession process on an annual basis. This covers all management colleagues to identify, monitor and develop talent within the Group. Senior Leadership was reviewed in detail, including all members of the ELT and their direct reports. It was noted that there is a strong culture of succession planning and talent management within the organisation. This has resulted in a significant proportion of senior roles being filled internally, including the current CEO and CFO, and the majority of ELT and Factory General Manager positions. Colleagues see this as positive, helping not only in attracting talent externally, but also with internal retention. The Board assessed the strength of the talent pipeline, and where there were potential risks, the plans to address these.

The Committee met separately during the year to review succession plans for the executive directors.

During the year the Group adopted a new talent process, introduced a more robust approach to assessing the risk of key individuals leaving the business and the likely impact, developing plans to mitigate identified risks. The review also highlighted the key talent and development plans specifically focused on strengthening gender and ethnic diversity within management.

Review of non-executive director performance

Over the course of the year, a review of the contribution and performance of the independent non-executive directors was undertaken. This included a review of the contribution of each NED, their other appointments and whether these impacted on their availability to commit appropriate time to their roles, their continuing independence, and training and development needs. This was considered by the Nomination Committee as part of its assessment of the current composition of the Board and the need for any future appointments, as part of the succession planning process. Following this review, it was agreed that the Board had an appropriate balance of skills, experience and knowledge of the Group to enable it to discharge its duties and responsibilities effectively. In addition, the current Board was felt to have a broad range of retail, marketing, commercial and financial experience, which is appropriate for the size and complexity of the Group. Consequently, the Nomination Committee recommended the re-election (or election) of all directors at the 2023 AGM.

Richard Hodgson's third term of appointment will end at the AGM in July 2023, following which he will have served as a NED for 8.5 years. The Committee considers his significant customer experience to be of value to the Board and, therefore, recommend he be appointed for a further year, until the AGM in July 2024. The Committee considers him to remain independent of management, noting that the current CEO and CFO have been in place for less than four years.

Inclusion and diversity

The Board adopted a Diversity Policy in 2022, which is available on the Group's website. The purpose of the policy is to ensure an inclusive and diverse membership of the Board and its committees, to enhance decision making and assist in the development and delivery of the Group's strategy. The Board believes it is important that its membership includes a broad mix of skills, professional and industry backgrounds, geographical experience and expertise, gender, tenure, ethnicity and diversity of thought.

A culture of inclusion and diversity is promoted through a clear tone from the top, with the Board and ELT championing inclusion and diversity in support of the Group's values.

The Board, or where appropriate the Nomination Committee, will:

- Consider all aspects of diversity when reviewing the composition of the Board and its committees, and when reviewing the Board's effectiveness;
- Only engage executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice and request them to identify suitable candidates for appointment to the Board on merit against objective criteria, having regard to the benefits of diversity in promoting the success of the Group;
- Encourage the development of a diverse internal talent pipeline to meet future succession planning needs of the Group, by supporting and monitoring the Group's actions to increase the proportion of senior leadership roles held by women, people from ethnic minority backgrounds and other under-represented groups across the business; and
- Assist the development of a diverse pipeline of high-calibre candidates by encouraging senior individuals within the business to take on additional roles to gain valuable board experience.

Developments over the year

The Board and Nomination Committee regularly review the Group's approach to diversity (including both gender and ethnicity), within senior management and across the whole business and this remains an area of significant focus.

The Board supports the recommendations set out in the FTSE Women Leaders Review and the Parker Review. The Nomination Committee has reviewed the requirements of, and compliance with, LR 9.8.6(9) and notes that the Company is compliant with the recommendations of the Parker Review, but not yet in compliance with the requirements of FTSE Women Leaders Review, but has established a road map with the aim of achieving full compliance, as required, by the end of 2025.

At least 40% of Board directors to be women

As at 1 April 2023, 36% of Board directors were women. In May 2022, Roisin Donnelly joined the Board and, in July 2022, Pam Powell and Daniel Wosner, retired as directors. This resulted in overall female representation reducing from 39% to 36%. The Committee will continue to monitor the skills and experience required by the Board, and the need to replace departing Board members, and currently anticipates female representation to be at least 40% by the end of 2025.

At least one of Chair, SID, CEO, CFO to be a woman

As at 1 April 2023, none of the four senior posts were held by a woman. Given that all of the roles are currently occupied, the Board aims to increase diversity within this area, as soon as the opportunity arises, taking all aspects of diversity into account.

At least one director is from a minority ethnic background

As at 1 April 2023, the Board was compliant with the recommendation.

Nomination Committee report

CONTINUED

Inclusion and diversity is one of the core principles of Premier Food's People strategy, which forms part of the Group's Enriching Life Plan. Premier Foods is committed to creating an inclusive culture across its whole organisation and aims to ensure all existing and potential colleagues are provided with equal opportunity and are respected, valued and encouraged to bring their authentic selves to work. The Group has adopted the following diversity targets:

- Achieving gender balance for the senior management population by 2030; and
- Ensuring diversity KPIs at our sites reflect their regional demographic by 2030.

The Board and Committee recognise that strong progress has been made across a number of areas and that this has strengthened the Company's employer brand. In 2021 the Group has developed and launched a Reverse Mentoring Programme, which is designed to help address the gender imbalance within senior roles across the business. The Group has seen a strong improvement in female representation within the Group of ELT direct reports, increasing from 28% in FY20/21 to 37% in FY21/22 and, as at year-end, it now stands at 40%. This compares to 37% female representation for all colleagues within the business.

In addition, the HR team have reviewed colleague recruitment across the business to make sure the Group's practices attract as diverse a talent pool as possible. The Group is a member of Stonewall, Trans in the City and headline sponsors of Diversity in Grocery. Further training was also provided over the year, with the continued implementation of a line manager 'diversity in recruitment' training module.

During 2022, the Group introduced a Sponsorship Programme for ethnically diverse colleagues across the graded management population with the assistance of an external partner, which is designed to enable diverse talent to develop and excel. The Group continues to promote a range of programmes to raise awareness of Inclusion and Diversity throughout the business.

The Group has continued to make progress over the year in recording colleague diversity data. Colleagues are able to provide their personal data by different methods, which include the completion of a paper-based application, via a tablet, by scanning a QR code or a unique URL link for connected users. The questions included in the survey are based around nine protected characteristics, which include gender identification, ethnic background, sexual orientation, age demographic and parental/carer status. Colleagues are presented with a pick list of answers and always offered a 'prefer not to say' option.

Further information on our approach to Inclusion and Diversity across the business is set out in the section on our values and culture, on pages 14 and 15, and progress against our KPIs is set out on pages 56 to 59.

Information/data on the diversity on the Board and ELT, as required under Listing Rule, LR 9.8.6(9), is presented in the tables below. These set out the position as at the year-end (1 April 2023), and no changes have occurred up to 18 May 2023.

Gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions of the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	64%	4	8	89%
Women	4	36%	–	1	11%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background

	Number of board members	Percentage of the board	Number of senior positions of the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	92%	4	8	89%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	8%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	11%

Colin Day
Nomination Committee Chair

18 May 2023

Audit Committee report

Dear shareholder,

On behalf of your Board, I am pleased to present the Audit Committee report for the period ended 1 April 2023. The Committee has delegated responsibility for ensuring the integrity of the Group's Financial Statements, reviewing the effectiveness of the Group's financial reporting systems and the internal control policies and procedures for the identification, assessment and reporting of risk.

The Committee also keeps under review the relationship with the external auditors, including the terms of their engagement and fees, their independence and expertise, resources and qualification, and the effectiveness of the audit process.

All members of the Committee are independent non-executives, with a broad range of FMCG, commercial, operational, IT, financial and marketing experience relevant to the Group's business. Both myself and Tim Elliott are considered by the Board to have recent and relevant financial experience. Details of Committee membership, their qualifications and meeting attendance are set out on pages 72 to 75. In addition to the Committee members, the CEO, CFO, Chair, Director of Financial Control, Director of Internal Audit & Risk and external audit partner are regularly invited to attend and present at the Committee's meetings.

Areas of review

During the financial period, the Committee held four scheduled meetings and a further four additional meetings in connection with the external audit tender exercise. Key areas of review were as follows:

- Monitored the integrity of financial reporting, including the annual report and the full-year, half-year and quarterly results announcements;
- Ensured the Annual Report and Accounts are fair, balanced and understandable, and in compliance with relevant regulations;
- Considered the going concern and viability statements for the Group;
- Undertook a competitive external audit tender exercise and recommended the appointment of a new firm of auditors;
- Reviewed the statutory audit plan with the lead audit partner to assess the scope, methodology and areas of key risk and materiality;
- Reviewed the ongoing impact of macro-economic developments on the Group's performance and viability, including the cost of living crisis and the inflationary pressures on input costs;
- Monitored preparation for the new BEIS framework for internal controls;
- Received regular reports from the internal audit function, ensured it was adequately resourced, monitored its activities and effectiveness, and approved both the annual internal audit plan and internal audit charter;
- Reviewed the appropriateness of the Alternative Performance Measures used by the business;
- Received updates on changes to governance and financial reporting, including TCFD;
- Reviewed the adequacy and effectiveness of the Group's risk management systems and mitigation programmes;
- Reviewed the Group's policy on Auditor Independence and Non-Audit Services; and
- Reviewed the adequacy of the Group's whistleblowing helpline, and the calls received through the service and management's response to them.

External auditors tender and appointment

The Committee confirms that it has complied with the requirements of the Competition & Markets Authority's Statutory Audit Services Order 2014 during the financial year. As highlighted in last year's annual report, the Company undertook a formal audit tender exercise in 2022, following which PricewaterhouseCoopers LLP (PwC) was appointed by the Board in August 2022 to act as its independent auditors for the financial year ended 1 April 2023. The current Group audit partner is Richard Porter. Accordingly, KPMG LLP, who had been the Group's independent auditors since September 2015, resigned from its role as auditor with effect from 23 August 2022. The Board will propose a resolution for shareholders to approve the reappointment of PwC as independent auditors for the financial year ending 30 March 2024 and for the Audit Committee to be authorised to set the auditors' remuneration.

The Committee undertook a comprehensive and competitive tender process, which included several meetings with management, the Committee members and Chair, the Chair of the Board, CEO and CFO, and a visit to the Group's Shared Services Centre in Manchester. The tender process was designed following FRC guidance on best practice for audit tenders. The selected tender candidates submitted written proposal documents and formal presentations were made to the Tender panel, which comprised the Audit Committee Chair, CFO, Director of Financial Control and Head of Procurement, Corporate Services, with the Tender panel making a recommendation of two possible audit firm options to the Committee for consideration.

Committee members undertook a formal assessment of each firm's credentials and experience, which focused on areas such as the firm's:

- Approach to ensuring overall audit quality, independence, and objectivity;
- Capabilities to undertake the audit including resourcing;
- Culture and how well it would fit with Premier Foods;
- Alignment and ambition of the firm's Environmental, Social and Governance strategy with the Group's;
- Experience of the business, food industry and other similar-sized UK-focused FMCG businesses; and
- Experience of the Group's key audit matters.

It was noted that the standard of submission had been high and, after careful evaluation, the Committee submitted to the board two possible audit firm options with a justified preference for PwC. In making its recommendation of firms, the Committee considered the findings and conclusions of the public reports on the UK audit firms published by the FRC. Having conducted a tender and appointed a new external auditor in August 2022, the latest point to undertake the next tender will be after the FY31/32 year end, at which point the current external auditor could be reappointed for a further 10-year term, following a competitive tender.

Audit Committee report

CONTINUED

External auditors independence, effectiveness and non-audit services

The effectiveness of the external auditors is monitored by the Committee through regular engagement with senior management and private meetings held with the external auditor without the presence of management. Their effectiveness is also considered as part of the Committee's annual evaluation process. While PwC were only appointed in August 2022, over the course of this initial term of appointment, the Committee has reviewed the auditors' independence and assessed the effectiveness of the external audit process by reference to: the scope of the audit work undertaken; presentations to the Committee; feedback from management involved in the audit process; the separate review meetings held without management present; relevant UK professional, regulatory requirements; the Company's Auditor Independence and Non-Audit Services policy; and the relationship with the auditors as a whole, including the provision of any non-audit services.

In accordance with our policy, the Committee has continued to review the level of non-audit fees with management during the year. The Committee also received an update from PwC's lead partner on the internal controls, which they employ to safeguard their independence, integrity and objectivity. The Group's policy on Auditor Independence and Non-Audit Services, which is aligned with the FRC Revised Ethical Standard 2019, is available on the Group's website.

Non-audit fees for the period amounted to £219,000 (FY21/22: PwC £Nil, KPMG £199,500) representing 18% of the audit fee. As part of the Company's ongoing ESG strategy, PwC was engaged to perform independent limited assurance procedures on selected 2022/23 ESG performance measures. In addition, as with previous years, the external auditor was engaged to provide royalty statements, which are required under the Group's Cadbury licence with Mondelez International. The Committee remains mindful of guidelines in respect of non-audit services and the potential threat to auditor independence, as set out in the FRC's Revised Ethical Standard 2019. The Committee assessed that, in each case, the nature of the work would be best performed by PwC due to their size and knowledge of the business, the timescale required for completing the assignments, and the overall cost in undertaking the work. In addition, PwC consulted their own internal Audit Quality and Risk Management team prior to agreeing the engagements. PwC's procedures for ensuring compliance with quality control standards, maintaining independence, integrity and objectivity were also reviewed and no matters were identified that might impair the auditors' independence and objectivity.

Following these reviews, the Committee is satisfied that PwC is independent and effective, and has recommended to the Board that PwC be reappointed as external auditors at the AGM in 2023.

Alternative Performance Measures ('APMs')

The Group's performance measures continue to include a number of measures that are not defined or specified under IFRS. The Audit Committee has considered presentation of these additional measures in the context of the guidance issued by the European Securities and Markets Authority ('ESMA') and the FRC in relation to the use of APMs, challenge from the external auditor, and the requirement that such measures provide meaningful insight for shareholders into the results and financial position of the Group. The Committee reviewed the APMs used within the Group's financial statements, how the APMs were defined and the rationale for their use; this included a review of the new definition of Trading profit from FY22/23.

APMs are defined relative to the equivalent IFRS measures on page 55.

Committee evaluation

As part of the external Board evaluation exercise conducted during the year (see page 78 for more information), a review of the Committee's effectiveness was also undertaken. The review included the management of meetings, quality of papers and presentations, and the Committee's effectiveness in assessing the work of the internal and external auditors, the financial statements, risk management and internal controls. Following the review, it was confirmed that the Committee remained effective. An action plan for the coming year was agreed, which included the need to embed the new Director of Internal Audit & Risk into the business and to continue to develop constructive relationships with the new external audit team.

The Committee met with the internal and external auditors on four occasions in the year without the presence of management. This provides an opportunity for the Committee to discuss matters independently of management, assess the relationship between management and both the internal and external auditors, and to discuss any potential areas of concern. In addition, the Committee Chair also met independently with the CFO, lead audit partner and Director of Internal Audit & Risk, on several occasions, to discuss key audit matters.

Task Force on Climate-related Financial Disclosures ('TCFD')

The Committee provides oversight of the Group's compliance with the recommendations of TCFD. A TCFD steering group was established last year to develop the Group's approach to TCFD, raise awareness of climate-related risks around the business and to report on progress to the Committee. The TCFD steering group also co-ordinates the adoption of TCFD best practices into the Group's Enterprise Risk Management processes and ensures visibility and oversight of the programme by the ESG Governance Committee. Over the year, the Committee reviewed progress against the various work streams, the Group's TCFD roadmap and the four disclosure pillars (Governance, Strategy, Risk Management, and Metrics and Targets). The Group's TCFD disclosure is set out on pages 38 to 48.

Risk management

The Group has an established risk management framework to identify, evaluate, mitigate and monitor the risks the business faces. The risk management framework incorporates both a top-down and a bottom-up approach to ensure all the Group's risks are identified. The principles of risk management have also been embedded into the day-to-day operations of the business units and corporate functions.

The Committee carried out an assessment of the principal risks facing the business, including climate-related risk, on two occasions over the year. The reviews include an assessment of new and emerging risks, the movement in the risks, the strength of the controls relied on and the status of mitigating actions. The output from these assessments have, subsequently, been

presented to and reviewed by the Board, who retain ultimate accountability for risk management for the Group, for further review and discussion.

Details of our risk management process are set out in the Risk management section, on pages 60 to 66.

Internal controls

The Committee maintains responsibility for reviewing the process for identifying and managing risk and for reviewing internal controls. It receives reports from management, the Director of Internal Audit and Risk, and the statutory auditors, in addition to the results of any investigations performed as a result of employee whistle-blower calls, or otherwise. The Committee considers the implications of findings from the risk management process and from both the internal and external auditors to the Group's controls framework. Any issues are reported and discussed, and management are challenged as to what actions they are taking to improve the control framework and minimise the likelihood of their reoccurrence.

The Board has delegated authority to the Committee to monitor internal controls and conduct the annual review. This review covers all material controls, such as financial, operational and compliance, the preparation of the Group's consolidated financial statements, and also the overall risk management system in place throughout the year under review, up to the date of this annual report. The Committee reports the results of this review to the Board for discussion and, when necessary, agreement on the actions required to address any material control weaknesses. The Committee confirms that it has not been advised of any failures of material controls or material control weaknesses during the year and the Committee concluded that the Group's internal controls framework remains effective.

During the year, the Committee received updates related to the anticipated requirements of the UK Government's corporate reform proposals ('Restoring Trust in Audit and Corporate Governance') and on the Group's preparations to ensure that it meets its responsibilities under these proposed reforms. A Steering Committee, chaired by the CFO, oversees a Project Execution Team who during FY23 performed a programme of risk workshops and, where required, control enhancements to ensure evidence of the Group's control framework. The Committee will continue to monitor the progress of the Group's controls enhancement programme against further guidance issued by the UK Government's Department for Business and Trade.

Internal audit

The internal audit function carried out a range of reviews across the Group providing independent assurance to the Committee on the design and operating effectiveness of internal controls to mitigate financial, operational and compliance risks. The purpose, authority and responsibilities of Internal Audit are embodied in the Internal Audit Charter, which the Committee reviews and approves on an annual basis. During the year, a new Director of Internal Audit, who has dual reporting lines to the Audit Committee Chair and the Group CFO, was appointed to further evolve the function.

The Committee discussed and approved the FY22/23 audit plan to be executed by the internal audit team at the start of the year, ensuring its alignment with the Group's strategic priorities, risk management outputs, and routine compliance control and monitoring requirements. Under supervision of the Director of Internal Audit and Risk, a Co-Source Assurance Partner was utilised to ensure complex or bespoke areas of risk are adequately appraised. During FY23, this included reviews of IT access controls, and a review of import/export controls in a post-Brexit environment.

The Committee reviewed the results of the internal audit reports during each meeting, looking in detail at any reports where processes and controls require improvement. The Committee is also provided with updates on the implementation of agreed management actions and overall control environment improvement at each meeting. For any management action requirement not met to its agreed timetable, the responsible management are required to provide a full explanation to the Committee as to the reasons for the delay before a new deadline is agreed.

The internal audit resource is monitored such that, if internal or external circumstances should give rise to an increased level of risk, the audit plan can be supplemented accordingly during the year. The audit plan remains flexible and any changes to the agreed audit plan are presented to, and agreed by, the Committee. The effectiveness of the internal audit function is reviewed on an annual basis and the Committee concluded that the internal audit function has remained effective.

Risk management and internal control over financial reporting

The directors have key procedures established to confirm that they have reviewed the effectiveness of the system of risk management and internal control of the Group during the year, the key features of which are as follows:

- an annual budgeting process with regular re-forecast of outturn, identifying key risks and opportunities.
- regular reporting of financial information and performance to the Board, management monitors the results throughout each financial year.
- an Internal Audit and Risk function which reviews key business processes and business controls, reporting to the Audit Committee.
- third party reviews commissioned periodically by the Group of areas where significant inherent risks have been identified, such as health and safety, ESG, and cyber security.
- an organisational structure with clearly defined limits of responsibility and authority to promote effective and efficient operations.
- a performance management appraisal system, which covers the Group's senior management based on agreed financial and other performance objectives.
- significant emphasis on cash flow management. Bank balances and available liquidity are reviewed on a regular basis and cash flows are compared to forecast.

- reporting to the Board and/or its committees on specific matters including updated key risks, taxation, pensions, insurance, treasury management, interest and commodity exposures. The Audit committee approving treasury policies.
- defined capital expenditure and other investment approval procedures, including due diligence requirements where businesses are being acquired or divested, or there is a material change in operational or corporate structure.
- policy suite that covers anti-bribery and corruption, cyber security, health and safety and hazard awareness, Corporate Criminal Offence, with training and compliance monitoring.

Any control weaknesses that these procedures identify are monitored and addressed in the normal course of business. No control failings or weaknesses that are material to the Group as a whole have been identified in the year to 1 April 2023.

Process for preparing consolidated financial statements

The Group has established internal control and risk management systems in relation to the process for preparing consolidated financial statements. The key features of these internal control and risk management systems are:

- The Internal Audit and Risk function and management conduct various checks on internal financial controls periodically.
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting, and where appropriate, reflects developments in the consolidated financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting. The Audit Committee is also kept appraised of such developments.
- Any recommendations from the auditors, the Financial Reporting Council, and others in respect of financial reporting are assessed with a view to continuous improvement in the quality of the Group's financial statements.
- The monthly financial performance of the Group is subject to review by both the ELT and the Board.
- The Group's financial results, which consolidates the results of each operating segment and makes appropriate consolidation adjustments, is subject to various levels of review by the Group Finance function.
- The draft consolidated financial statements are reviewed by an individual independent from those individuals who were responsible for preparing the financial statements. The review includes checking internal consistency, consistency with other statements and arithmetical accuracy.
- The Audit Committee and the Board review the draft consolidated financial statements. The Audit Committee receives reports from management and the external auditors on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements.
- The financial statements are subject to external audit.
- The Group uses the same firm of auditors to audit all material Group companies.

Fair, balanced and understandable

The Board requested that the Audit Committee confirm whether the annual report and accounts taken as a whole were fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's position and performance, business model and strategy. The Audit Committee recommended that the Board make this statement, which is set out on page 118.

In making this recommendation, the Committee considered the process for preparing the annual report, which included regular cross functional reviews from the teams responsible for preparing the different sections of the report, senior management review and verification of the factual contents. It also considered the balance and consistency of information, the disclosure of risk, and the key messages presented in the report.

Significant issues in relation to the financial statements

The Committee considered the following significant issues in relation to the financial statements with management and the internal and external auditors during the year:

Commercial arrangements

Commercial payments to customers in the form of rebates and discounts represent significant balances in the income statement and balance sheet. Calculations of these balances require management assumptions and estimates, including volumes sold and the period of the arrangements. The Committee reviewed the assumptions and estimates and the level of accruals and provisions in detail. Further information is set out in note 3.3 on page 139.

Carrying value of goodwill and brands

Goodwill and brands represent a significant item on the balance sheet and their valuation is based on future business plans whose outcome is uncertain. The value of goodwill is reviewed annually by management and the Committee and brands are reviewed where there is an indicator of impairment. The impairment testing for goodwill and brands is based on a number of key assumptions that rely on management judgement.

For the purpose of goodwill, the Group has four CGUs – Grocery, Sweet Treats, International and Knighton. The Committee reviewed the results of the goodwill impairment testing of the CGUs and the review of the carrying value of certain of the Group's brands. There is no goodwill attributable to the Sweet Treats or Knighton CGUs and the International CGU has no goodwill or intangible assets. The results of the impairment testing included management's assumptions in respect of cash flows, long-term growth rates and discount rates. The Committee also considered sensitivities to changes in assumptions and related disclosure, as required by IAS 36. This year's review concluded that no impairment of Goodwill or brands was required. Further information is set out in notes 12 and 13 on pages 148 to 150.

Carrying value of the Parent Company's investments in subsidiaries

The carrying value of the Parent Company's investments in its subsidiaries is a significant item on the Parent Company's balance sheet. The investment is reviewed annually for impairment by management and the Committee. The cash flow forecasts used in the impairment model are based on the latest Board-approved five-year Strategic Plan, sensitivities then being applied to reflect the potential impact of inflation, the cost of living crisis and impact of climate change in line with RCP 8.5. This year's review concluded that no impairment of the Parent Company's investment in its subsidiaries was required. Further information is set out in note 4 to the Parent Company's financial statements on pages 175 and 176.

Defined benefit pension plans

The Group operates several defined benefit schemes. The schemes are closed to future accrual but hold substantial assets and liabilities. With effect from 30 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. Valuation of the scheme liabilities is based on a number of assumptions, such as inflation, discount rates and mortality rates, each of which could have a material impact on the valuation under IAS 19 included in the balance sheet. The Group's RHM Pension Scheme also holds assets for which quoted prices are not available. As at 1 April 2023, the RHM Pension Scheme reported a surplus of £948.3m and the Premier Schemes reported a deficit of £182.8m (FY21/22: RHM Pension Scheme surplus of £1,138.8m; Premier Schemes deficit of £193.9m). Asset values and liabilities fell in both sections of the schemes, due to lower return on scheme assets, reducing pension asset valuations, and changes in financial assumptions, being a higher discount rate, reducing liabilities. Following discussions between PwC and management, an enhanced methodology was introduced for the receipt of asset valuations at the balance sheet date. The Committee reviewed the basis for management's assumptions and the movements in the IAS 19 valuation in detail over the year. The financial assumptions were based on the same methodology as last year. Further information is set out in note 14 on pages 151 to 156.

Acquisition accounting

Acquisition of *The Spice Tailor* was a significant transaction for the Group during the year and the Committee reviewed the purchase price allocation and accounting for the transaction. PwC challenged management's assumptions on the purchase price allocation, which resulted in management revisiting their assumptions. The purchase price allocation workstream established a fair value for the Purchase Consideration, including the estimation of the fair value of the earn-out (the additional consideration payable to the vendor contingent on business performance), before deducting acquired net assets to give Excess Consideration for allocation to the value of Brand asset acquired and residual Goodwill. The brand asset was determined to have a 15-year useful economic life, which reflects that *The Spice Tailor* is a younger brand with significant growth potential. A relief from royalty approach was then taken to value the brand asset, with the remaining Excess Consideration being residual goodwill representing the benefit of acquiring the brand, together with the other assets, as a going-concern that operates as a business. Further information is set out in note 28 to the Group financial statements on pages 168 and 169.

Non-trading items

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.

The Committee reviewed items that have been considered 'non-trading', and provided challenge to management, in order to ensure these items do require separate disclosure by virtue of their nature and size, so that the users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance. Following this review, the Committee confirmed that the approach taken was appropriate.

Viability and going concern

The Audit Committee conducted detailed reviews of the Group's viability and going concern, taking into account severe, but plausible, business downsides, including the potential impact of the current cost of living crisis and continued global political uncertainty driven by the conflict in Ukraine. The Committee provided challenge to management on the risks considered as part of the assessment. Following the review, the Committee concluded that it was reasonable for the Board to expect that the Group would have adequate resources to operate for the foreseeable future and, therefore, recommended that the viability statement (set out on pages 67 and 68) and the going concern statement (set out in note 2.1 on pages 132 and 133) could be supported.

Simon Bentley
Audit Committee Chair

18 May 2023

Directors' remuneration report

Annual Statement

Dear shareholder,

On behalf of the Board, I am pleased to present the Directors' remuneration report for the 52-week period ended 1 April 2023.

Overview of performance

The business delivered a very strong performance over the year, further demonstrating the strength and resilience of its branded growth model, against the backdrop of a particularly challenging consumer environment. The business continued to invest in its supply chain to drive efficiencies. The Group's brands grew by 9.1% versus last year, benefitting from the launch of insight-driven new products. Revenue growth of products in new categories, such as *Ambrosia* porridge and *Mr Kipling* ice cream, has increased by 33% compared to prior year. International revenue increased by 10.0%, with growth in markets such as Australia, Europe and Canada. In July 2022, the Group announced the purchase of *The Spice Tailor* and the integration of the UK business has now been completed. *The Spice Tailor* represents a highly complementary business and delivered revenue growth of 25.0% in the year (on a 12 month pro forma basis).

The current economic climate has, undoubtedly, been challenging for the business, its consumers, customers and colleagues. A key feature of the Group's brand activation has been helping people to cook and prepare nutritious and tasty meals more affordably at home, through the 'Best Restaurant in Town' campaign, demonstrating the versatility of the Group's broad range of brands. We have also continued to work constructively with customers to deliver plans to drive mutual category growth.

The business has also continued to invest in the supply chain, with a number of major projects to improve efficiency, reduce cost and support long-term sustainable growth.

Revenue of £1,006.4m was +11.8% versus prior year and Trading profit of £157.5m was +11.5% versus last year, both ahead of analyst expectations. Net debt, which included the impact of the acquisition of *The Spice Tailor*, reduced to £274.3m. Taking into consideration the economic headwinds over the past 12 months, the Board believes that these represent a very strong set of results.

Annual Bonus performance outcome for FY22/23

As highlighted in the CEO review, the Group has made good progress with the execution of the Group's growth strategy, delivering strong Trading profit and operating cash flow, resulting in both of the stretching financial targets being exceeded. The Committee also assessed the non-financial targets set for the CEO and CFO, which were based on strategic and ESG objectives and, following strong performance against the stretching objectives set, it was determined that both the CEO and CFO had fully achieved these objectives.

In assessing the annual bonus outcome, the Committee also undertook a review of each director's individual performance, the overall performance of the business and the experiences of key stakeholders, including shareholders, employees, suppliers and customers. This resulted in the Committee awarding a bonus of 100% of maximum to Alex Whitehouse (£661,407, representing 125% of salary) and a bonus of 100% of maximum to Duncan Leggett (£363,125, representing 100% of salary). Full details of the targets and performance over the period are provided on pages 102 and 103.

One-third of the annual bonus payment will be made in the form of shares, deferred for a three-year period under the Deferred Bonus Plan (DBP). Details of the DBP are set out on page 105.

LTIP

The Committee assessed the performance conditions for the 2020 LTIP award. TSR performance was above the upper quartile compared to the FTSE All-Share comparator group (positioned between 1st and 2nd out of 372 companies), and adjusted EPS of 12.9p exceeded the maximum target set, meaning that both elements of the award will vest in full in June 2023. Full details of the targets and performance over the period are provided on page 104.

When assessing the annual bonus and LTIP outcomes, the Committee undertook an assessment 'in the round', to ensure that the outcomes are a fair reflection of overall Company performance and aligned with the experience of other stakeholders. As part of this, the Committee took into account the strong performance context, set out earlier in this letter, as well as the fact that the success of the business over the last three years, has been shared with colleagues and has resulted in a significant increase in the share price and creation of shareholder value. Colleagues have also been able to benefit from this share price growth, through participation in the Group's Sharesave scheme and the 2019 Award, which vested on 1 February 2023, provided a return of 284% (based on the share price on the date of vesting). The increased financial strength of the business enabled the reintroduction of dividend payments in 2021, and a final dividend for FY22/23 of 1.44p per share has been recommended by the Board, representing an increase of 20% versus prior year.

Taking all of the above into account, alongside the wider performance context detailed elsewhere in the annual report, the Committee considered that the annual bonus and LTIP outcomes are a fair reflection of Company and individual performance in the year. As such, the Committee has not exercised its discretion to adjust the formulaic outcomes.

Executive directors' salary

Both the CEO and CFO received a salary increase of 5% in FY22/23, effective from 1 July 2022, which was in line with all colleagues not involved in collective bargaining. This took into account performance of the Group and the individuals, as well as market positioning.

Executive director	Salary as at 1 April 2023	Change	Salary as at 2 April 2022
Alex Whitehouse	**£535,500**	+5.0%	£510,000
Duncan Leggett	**£367,500**	+5.0%	£350,000

The salary increase for executive directors for FY23/24, which will apply from 1 July 2023, will be disclosed in next year's Directors' Remuneration Report. In line with shareholder guidance, salary increases will be lower than the average rate of increase for colleagues. The Committee will continue to keep the executive directors' salaries under review as the Company's size and complexity continues to increase.

2023 Director's Remuneration Policy review and arrangements for FY23/24

Our Directors' Remuneration Policy is due to be put to a binding shareholder vote at this year's AGM. Since our current Policy was approved at the 2020 AGM, we have made significant progress with the turnaround of the business, the completion of the transformational agreement for our legacy pension schemes, the sale of our 49% investment in the Hovis business, and the issue of new £330m Fixed Rate Bonds due in October 2026. The business now has a far stronger balance sheet, with Net debt in FY22/23 of £274.3m which is 36% lower than three years ago. At the same time, we have continued to make strong strategic progress, with sustained revenue and profit growth ahead of market expectations.

The last three years have seen us strengthen our category-leading brands, including growing market share and building on their strong brand equities. We have also grown our international business through the application of our brand-building capabilities and executional focus in our priority markets. The strong operational and strategic performance, over the last three years, has seen the Group become an established member of the FTSE 250 index, with a current market capitalisation of over £1bn, which is more than three times larger than the start of FY20/21 when we last reviewed our Policy.

Over the course of the year, the Committee has carefully reviewed the current Policy and is satisfied that the overall structure (fixed pay, annual bonus and LTIP) remains appropriate for Premier Foods, and that it continues to support the delivery of our strategy and the generation of long-term sustainable shareholder value. Therefore, no changes are proposed to the structure of pay.

While the Committee believes that the overall Policy framework remains appropriate, we are proposing to increase the annual bonus and LTIP opportunities to ensure that our incentive levels are suitable, given the significant progress the business has made, as highlighted above. The Committee, therefore, proposes to:

- Increase maximum annual bonus opportunities by 25% of salary for each of the executive directors for FY23/24 onwards. The CEO's maximum bonus opportunity will increase from 125% to 150% of salary, and the CFO's bonus opportunity will increase from 100% to 125% of salary; and
- Increase maximum annual LTIP opportunities by 50% of salary for each of the executive directors for FY23/24 onwards. The CEO's LTIP opportunity will increase from 150% to 200% of salary, and the CFO's LTIP opportunity will increase from 100% to 150% of salary.

The Committee recognises that these increases are material. However, the current opportunities have fallen behind market practice for the size and scope of our organisation, and these increases, therefore, bring the incentive opportunities more in line with FTSE 250 norms. The Committee believes that these incentive opportunities are a fairer reflection of our organisational size and the complexity of the executives' roles, and will better incentivise the continued growth of the business and the delivery of the strategy going forward. The targets for the annual bonus and the LTIP have been set to be appropriately stretching, recognising the increased opportunities for FY23/24.

In line with the UK Corporate Governance Code, the Committee proposes to introduce a formal post-employment shareholding guideline under the 2023 Directors' Remuneration Policy. This guideline will require departing executive directors to hold 100% of their in-employment shareholding guideline (or their actual shareholding at the date of departure, if lower) for the first year post-cessation, and 50% in the second year. This guideline will apply to any shares vesting following the introduction of the Policy.

In early 2023, as Committee Chair, I consulted with our major shareholders and the main institutional voting agencies on the proposed 2023 Directors' Remuneration Policy. We had constructive conversations about our approach to remuneration, and the majority of our major shareholders were supportive of the proposals. Feedback from the consultation was shared with the Committee and the Board, and taken into consideration when approving the final proposals for the 2023 Directors' Remuneration Policy.

Relationship between ESG matters and remuneration arrangements

The Committee is aware of the increasing importance of ESG matters for both the Group and its stakeholders. An element of ESG has been included in the executive directors' annual bonus goals since FY20/21, with the weighting of this element aligned for both executives' annual bonus goals for FY22/23. ESG will form part of the executives' annual bonus goals for FY23/24, with these goals directly linked to the delivery of the Group's ESG strategy, the Enriching Life Plan. In addition, as part of the Committee's overall review of the Group's remuneration strategy, it ensures that arrangements do not encourage behaviour that is not aligned with the Group's ESG strategy. Further information regarding the Group's Enriching Life Plan is set out on pages 26 to 37.

Wider workforce

This year, the management team has been conscious of the impact of the cost of living crisis on the workforce as a whole and, as a result, two payments were made to factory-based colleagues over the course of FY22/23. In addition, reflecting the Group's strong performance in FY22/23, a discretionary bonus was paid to all colleagues who are not part of the annual bonus scheme.

During the year, as Workforce Engagement NED, I have provided updates to the Remuneration Committee on meetings held with colleagues across the business, which covered a range of topics including engagement on executive remuneration and how it aligns with pay for the wider workforce. The Committee also reviewed information on broader workforce pay policies and practices, which provided important context for the decisions on executive pay taken during the year. The pension levels for the executive directors are aligned with that available to the majority of the workforce. The operation of the annual bonus scheme is consistent for all participants and any financial measures are aligned with the overall Group targets. The executive directors have other additional constraints on their remuneration package, which are not applicable to the wider management population, such as bonus deferral and the LTIP holding period.

The Group also operates an all-employee Sharesave Plan, which allows all colleagues to share in the success of the Group. The colleague participation rate in this scheme is currently 34%.

I look forward to receiving your support for the 2023 Directors' Remuneration Policy and the Annual Report on Remuneration at the 2023 AGM.

On behalf of the Board

Helen Jones
Remuneration Committee Chair

18 May 2023

Overall approach to remuneration

At Premier Foods, the Remuneration Policy is designed to attract, retain and motivate a high-calibre management team. Focus is placed on driving exceptional performance and creating shareholder value in a sustainable way, as well as aligning the interests of the executive directors with key stakeholders.

The Committee follows the following broad principles when considering the design, implementation and assessment of remuneration, in line with the recommendations set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce

The Company's Remuneration Policy is designed to support the delivery of the Group's strategic objectives, which are aligned with the long-term interests of both shareholders and key stakeholders, including employees. The Committee is committed to being transparent in respect of the elements of remuneration, quantum, the rationale for targets set and performance outcomes. The work of the Workforce Engagement NED provides an opportunity for engagement with colleagues on executive remuneration. The Committee engages with shareholders and is keen to understand their views and priorities. Recent engagement has included discussion to understand shareholder views on the 2023 Directors' Remuneration Policy, which is submitted for shareholder approval at the AGM in July 2023 (further information is set out on pages 93 to 100).

Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand

The Committee believes the current arrangements for executive directors to be simple. These consist of the following elements:

- A fixed element that comprises salary, pension and taxable benefits.
- A variable element that is subject to performance conditions and comprises:
  - short-term goals via the annual bonus plan; and
  - long-term goals via the Long-Term Incentive Plan.

The Committee considers that the current arrangements are clear, easy to understand and provide an appropriate balance between fixed and variable remuneration. During the year, the Committee reviewed the annual bonus and LTIP measures for the executive directors and believes that they remained aligned to the delivery of the Group's strategy and that they were suitably stretching.

Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated

Targets are reviewed to ensure they reflect the overall risk appetite set by the Board and that they do not encourage inappropriate behaviours or excessive risk taking.

Mitigation is provided through the recovery provisions that apply to both the annual bonus and LTIP. Malus and clawback provisions apply in line with current best practice expectations. In addition, holding periods are in place for awards under the Deferred Bonus Plan and LTIP.

Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the Policy

The Committee assesses the potential outcome of future reward by reference to potential pay-outs that can be received at a range of outcomes (minimum, mid-point and maximum), as set out in the proposed 2023 Directors' Remuneration Policy on page 93 to 100. In addition, the effect of future share price growth under the LTIP is also considered based on a 50% increase in share price over the period.

Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance

The Committee seeks to ensure that targets for the annual bonus and long-term incentives are aligned with the Group's strategy and the long-term sustainable development of the business.

The focus of our remuneration strategy is on rewarding performance – the majority of executive remuneration (over 70% at maximum) is variable and only payable if demanding performance targets are met. As set out in the Remuneration Committee Chair's letter, recognising the increased opportunities for FY23/24, the targets for the annual bonus and the LTIP have been set to be appropriately stretching. The majority of variable pay is payable in the form of shares.

When setting targets for variable elements of pay, the Committee carefully considers the targets to minimise the risk of excessive reward.

When assessing performance against the annual bonus and LTIP, the Committee also considers:

- the overall performance of the business;
- the experience of key stakeholders including shareholders, employees, suppliers and customers;
- the quality of earnings when assessing the achievement of financial targets; and
- the market in which the Company operates.

The Committee retains discretion to override formulaic outcomes produced by the performance conditions where, in the Committee's view, they do not reflect the performance of the business over the period or individual performance, or where events happen that cause the Committee to determine that the conditions are unable to fulfil their original intended role.

Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy

As part of the preparation of the 2023 Directors' Remuneration Policy, the Committee reviewed the overall design of the Group's remuneration strategy and believes that it is consistent with the Company's purpose, values and strategy, and is aligned with the Group's culture. When setting the goals for the annual bonus and LTIP award, the Committee considers a range of different potential measures, in order to select those which it believes are most likely to drive the successful delivery of the Group's strategy and are aligned with shareholders' interests to deliver earnings growth and improved shareholder value in the medium-term (further details are set out on pages 93 to 100).

2023 Directors' Remuneration Policy

Set out below is the 2023 Directors' Remuneration Policy. This Policy will be put forward to shareholders for their binding approval at the AGM on 20 July 2023, and will apply to payments made from this date. Further details regarding the operation of the Policy for FY23/24 can be found on pages 112 and 113.

Total remuneration is made up of fixed and performance-linked elements, with each element supporting different strategic objectives.

Base salary

Link to strategy

To provide an appropriate level of fixed income.

Set at levels to attract and retain talented individuals with reference to the Committee's assessment of:

- the specific needs of the Group by reference to the size and complexity of the business;
- the specific experience, skills, responsibilities and performance of the individual; and
- the market rates for companies of comparable size and complexity and internal Company relativities.

Operation

Normally reviewed annually (currently with effect from 1 July) in conjunction with the review for the wider workforce, although increases may be effective at other times if considered appropriate.

Maximum opportunity

Whilst the Company does not have a cap on salaries, increases are normally expected to be no more than the wider workforce increase (in percentage terms). However, increases may be above this level in certain circumstances, including (but not limited to):

- where an executive director has been appointed to the Board at a lower than typical market salary to allow for growth in the role, subject to performance, their salary may be increased to move it to typical market levels as the executive director gains experience;
- where an executive director has been promoted, or there has been a change in scope of the role/responsibilities;
- where there has been a change in market practice;
- where there has been a change in the size and complexity of the organisation; and
- other exceptional circumstances.

Performance

Performance measures: Group performance is taken into consideration when determining an appropriate level of base salary increase for the Group as a whole, and personal performance is taken into account when determining an appropriate level of base salary increase for the executive.

Performance period: N/A

Benefits

Link to strategy

To provide a competitive level of employment benefits.

Operation

The Company typically provides the following benefits (including the settlement of any tax thereon):

- cash allowance in lieu of company car;
- fully expensed fuel;
- private health insurance;
- life insurance;
- permanent incapacity benefit;
- IT services;
- professional memberships; and
- other benefits, including allowance for personal tax and financial planning (as required).

The Committee may introduce other benefits if it is considered appropriate to do so. Executive directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred.

Where an executive director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling, etc.).

Maximum opportunity

There is currently no maximum level of benefit provision. However, when determining benefits, the Company considers the overall cost and the provision of benefits for the wider workforce.

Performance

Performance measures: N/A
Performance period: N/A

Pension

Link to strategy

To offer a level of retirement benefit in line with that offered to other UK employees.

Operation

Executive directors may participate in the Group's defined contribution scheme on the same basis as all other new UK employees, or receive an equivalent cash allowance in lieu of pension provision.

Executive directors may also pay additional amounts into this scheme by way of salary sacrifice, but will not receive any additional contribution from the Group. Only basic pay is pensionable.

Maximum opportunity

The maximum contribution or allowance for executive directors will be in line with that available to the majority of other UK employees or, if outside of the UK, a participant's pension plan in the relevant country. Currently, this is either a contribution, or a salary supplement, of 7.5% of basic pay up to an earnings cap. This is subject to change if the approach is also changed for the wider employee population.

Performance

Performance measures: N/A
Performance period: N/A

Annual bonus

Link to strategy

Designed to incentivise delivery of the Group's goals and reward executive directors for the delivery of the Group's strategy.

Operation

An annual bonus is subject to performance against measures that are linked to the Group's strategy. A maximum of two-thirds of the bonus is ordinarily paid in cash and a minimum of one-third is ordinarily deferred into an award of shares under the Premier Foods Deferred Bonus Plan ('DBP'), which normally vests after three years.

The rules of the DBP contain a dividend equivalent provision enabling additional payments to be made as soon as practicable after vested shares have been delivered to the participant of an amount equivalent to the dividends that would have been paid on the participant's vested shares between the date of grant of the relevant award and the date of vesting. Any dividend equivalents will normally be paid in shares.

Clawback and malus provisions apply to the annual bonus (both the cash and share elements).

The Committee may, in its discretion, adjust annual bonus pay-outs if it considers that the outcome does not reflect the underlying financial or non-financial performance of the Company or the individual performance of the participant over the relevant period, or that such a pay-out level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement, the Committee may take into account such factors as it deems relevant.

Maximum opportunity

Maximum (as a percentage of salary): 150%

2023/24 financial year maximum levels:

- CEO: 150%
- Other directors: 125%

Performance

Performance measures: The Committee shall determine performance measures for the bonus each year. Performance measures are designed to promote the delivery of the Group's strategy and can be made up of a range of:

- financial targets (such as revenue, Trading profit and cash flow), representing not less than 50% of the total bonus opportunity, with the remainder being based on:
  - non-financial and/or personal targets.

The Committee has the discretion to adjust the performance targets, or set different performance measures, if events occur where the Committee considers this appropriate.

No more than 25% of the bonus will pay-out for threshold performance, with full pay-out taking place for equalling or exceeding the maximum target.

Specific details of the performance measures for the relevant year can be found in the Annual Report on Remuneration, to the extent that they are not considered commercially sensitive.

Performance period: Normally one year.

Long-Term Incentive Plan

Link to strategy

The Premier Foods Long-Term Incentive Plan ('LTIP') provides a clear link to our strategic goal of delivering profitable growth with sustainable share price growth over the medium to long-term.

Operation

Under the LTIP, awards may be granted in respect of each financial year. Awards can be in the form of conditional shares or nil cost options, or in such other form that the Committee determines has the same economic effect. Where awards are in the form of nil cost options, participants may have up to 10 years from grant to exercise awards.

Awards under the LTIP normally vest following the end of a performance period of three years, subject to performance conditions. They will normally be subject to a post vesting holding period for two years following the end of the performance period.

Awards under the LTIP, including the determination of any relevant performance conditions, will be considered and determined, on an annual basis, at the discretion of the Committee.

The rules contain a dividend equivalent provision, enabling payments to be made as soon as reasonably practicable after vested shares have been delivered to the participant in an amount equivalent to the dividends which would have been paid on the participant's vested shares between the date of grant of the relevant award, and the date of vesting. For nil-cost options, subject to a holding period, dividend equivalent payments may be made in respect of the period from the date of grant until the earlier of the expiry of the holding period, or the day on which the nil cost option is exercised. Any dividend equivalents will normally be paid in shares.

Clawback and malus provisions apply.

The Committee may, in its discretion, adjust vesting levels if it considers that such a vesting level is not appropriate, taking into account such factors as it deems relevant (which may include the overall performance of the Company, any Group Member or the relevant participant).

Maximum opportunity

Maximum (as a percentage of salary): 200%

2023/24 financial year LTIP award levels:

- CEO: 200%
- Other directors: 150%

Performance

Performance measures: The Committee shall determine performance measures for awards granted each year. The majority of the LTIP will normally be based on financial and/or share price related measures, with the remainder, if any, based on other measures including, but not limited to, those linked to the delivery of the business or ESG strategies.

Awards granted in 2023 will be subject to a combination of total shareholder return and adjusted earnings per share.

The Committee has the discretion to amend the performance targets if events occur which cause the Committee to reasonably consider that it would be appropriate, and, if the altered performance or target measure is not materially less challenging to satisfy.

No more than 25% of the LTIP award will vest for threshold performance, with full vesting taking place for equalling or exceeding the maximum target.

Performance period: Normally three years.

Holding period: Normally two years.

Sharesave Plan

Link to strategy

To offer all employees the opportunity to build a shareholding in a simple and tax-efficient manner.

Operation

Executive directors are entitled to participate in any all-employee plans on the same basis as other employees. The Company currently operates the HMRC compliant Sharesave Plan for UK employees. The key terms of the plan will only be changed to reflect HMRC changes.

Maximum opportunity

Participants in the Sharesave Plan may save up to the statutory limit (currently £500 per month, but subject to any lower limit set by the Committee) over a three-year period, following which they have the opportunity to buy Company shares at a price set at the beginning of the savings period. The limits for any other all-employee plans will be on the same basis as for other employees.

Performance

Performance measures: None, other than continued employment.

Performance period: Three years.

Shareholding requirements

Link to strategy

To align executives' interests with shareholders, and encourage long-term shareholding and commitment to the Company both during and post-employment.

Operation

Executive directors are expected to retain 50% of shares from vested awards under the DBP and the LTIP (other than sales to settle any tax or NICs due) until they reach their required multiple of salary in shares (which is currently 200% of salary). The Committee will normally review progress against the requirements (which are set out in the Annual Report on Remuneration) on an annual basis.

Following stepping down from the Board, executive directors will normally be expected to maintain 100% of the in-employment shareholding guideline (or the actual shareholding if lower) for the first 12 months following departure from the Board, and 50% of the in-employment shareholding guideline (or the actual shareholding if lower) for the following 12 months.

The Committee retains the discretion to adjust or waive the shareholding requirements if it is considered to be appropriate in specific circumstances (e.g. ill-health).

Maximum opportunity

N/A

Performance

Performance measures: N/A
Performance period: N/A

Non-executive director fees

Link to strategy

Provides an appropriate level of fee to recruit and retain individuals with a broad range of experience and skill to support the Board in the delivery of its duties.

Operation

Fees are normally reviewed annually.

The remuneration of non-executive directors is determined by the Company Chair and executive directors. The remuneration of the Company Chair is determined by the Remuneration Committee.

This includes a Chair's fee and standard non-executive fee. Additional fees may be payable for other responsibilities assumed, or to reflect additional time commitments, for example the roles of Committee Chairs and the Senior Independent Director. Fees are set taking into account the time commitment required to fulfil the role and similar practice at other companies.

Any reasonable business-related expenses (including tax thereon) can be reimbursed.

Benefits may be introduced if appropriate.

Maximum opportunity

Increases are normally expected to be in line with the market, taking into account increases across the Group, as a whole, subject to particular circumstances such as a significant change in role, responsibilities or organisation.

The aggregate maximum opportunity is in line with the Company's Articles of Association (currently £1,000,000 per annum).

Performance

Performance measures: N/A
Performance period: N/A

1. Notes to the policy table

Notwithstanding the restrictions laid out in the Policy, where the Company has made a commitment to a director, which:

- was in accordance with the prevailing remuneration policy at the time that the commitment was made; and/or
- was made before the director became a director and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a director of the Company;

the Company will continue to give effect to it, even if it is inconsistent with the Remuneration Policy of the Company, which is in effect at that time.

The Committee operates the Annual Bonus plan, DBP and LTIP according to their respective rules, which include flexibility in a number of areas. These include:

- the timing of awards and payments;
- the size of an award, within the maximum limits;
- the participants of the plan;
- the performance measures, targets and weightings to be used for the annual bonus plan and long-term incentive plans from year-to-year;
- the assessment of whether performance conditions have been met;
- the treatment to be applied for a change of control or significant restructuring of the Group;
- the determination of a good/bad leaver status and the treatment of awards thereof;
- the ability to settle share awards or dividend equivalents (in whole or in part) in cash, if it considers that circumstances apply where it is appropriate to do so, for example, where there is a regulatory restriction on the delivery of shares; and
- the adjustments, if any, required in certain circumstances (e.g. rights issues, corporate restructuring, corporate events and special dividends).

Choice of performance measures and approach to target setting

The Committee reviews the performance measures used in the incentive arrangements, on an annual basis, to ensure that they remain appropriate and aligned to the delivery of the annual business plan and Group strategy. Currently the annual bonus measures consist of financial (70%) and non-financial (30%) targets. This approach is adopted in order to link pay to the delivery of overall Group performance measured across a balance of key strategic aims. The targets are set by reference to internal budgeting and strategic plans.

The 2023/24 LTIP grant will continue to use a combination of adjusted earnings per share and relative total shareholder return-based measures to reflect both an internal measure of Group performance and the delivery of shareholder value. Targets are set taking into account both internal and external assessments of future performance and what constitutes good and superior returns for shareholders. The Committee also retains the discretion within the policy to adjust the targets and/or set different measures and/or alter weightings for future awards.

In addition, the Committee also retains the discretion, within the Policy, to amend the existing performance if events happen that cause it to determine that the conditions are unable to fulfil their original intended purpose.

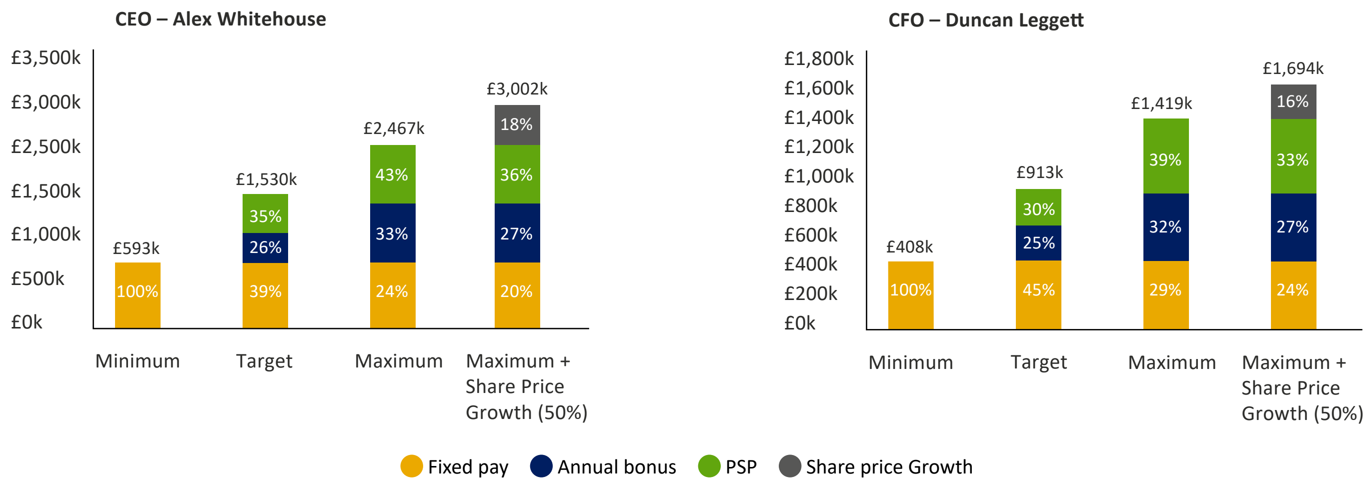
Malus and clawback

Annual bonus payments may be clawed back for a period of three years, from the date of payment, and DBP share awards have malus and clawback provisions that apply for a period of three years from the grant date. Malus and clawback provisions apply under the LTIP, until the third anniversary of the date on which the award vests. The circumstances in which malus and clawback may apply are:

- a material misstatement of financial results;
- an error in assessing performance or in the information/assumptions used;
- serious misconduct by the participant;
- corporate failure; or
- serious reputational damage.

2. Remuneration scenarios and weighting

This chart indicates the level of remuneration that could be earned by the current executive directors at minimum, target, maximum and maximum +50% share price growth under the Company's current Directors' Remuneration Policy.



Notes:

1 As the DBP is a portion of annual bonus, it is included within this segment.

2 The executive directors can participate in the Sharesave Plan on the same basis as other employees. For simplicity, the value that may be received from participating in the Sharesave Plan has been excluded from the scenario charts.

3 Assumptions when compiling the charts are:
Minimum = fixed pay only (base salary, benefits and pension).
Target = fixed pay plus 50% of the maximum annual bonus opportunity and 50% of the maximum LTIP opportunity.
Maximum = fixed pay plus 100% of the maximum annual bonus opportunity and 100% of the maximum LTIP opportunity.
Maximum +50% growth = fixed pay plus 100% of the maximum annual bonus opportunity and 100% of the maximum LTIP opportunity plus assumed share price growth of 50% over the three-year performance period.

3. Service contracts

The executive directors have rolling service contracts. The executive directors' service contracts contain the key terms shown in the table below. In the event that any additional executive directors are appointed, it is likely that their service contracts will contain broadly similar terms.

Provision	Detailed items
Remuneration	Salary, benefits, pension, annual bonus and share incentives entitlements in line with the above Directors' Remuneration Policy table.
Change of control	The service agreement does not provide for any enhanced payment in the event of a change of control of the Company. In the event of the Company serving notice, within 12 months, following a change of control, employment will terminate immediately and the Company will make a payment in lieu of notice.
Notice period	Whilst the Board has the discretion to set a notice period of up to 12 months, the standard notice period is six months.

The terms and conditions for the Chair and non-executive directors are set out in their letters of appointment, which are available for inspection at the Company's registered office and will be available at the AGM, as with the executive service contracts. The letters of appointment entitle the non-executive directors and the Chair to receive fees, but do not have provisions on payment for early termination. The appointment of non-executive directors is for a fixed term of up to three years, which may be terminated by three months' notice from either party, with the exception of Mr Kogo, whose appointment is governed by the Relationship Agreement between the Company and Nissin Foods Holdings Co., Ltd.

4. External directorships

The Company recognises that its executive directors may be invited to become non-executive directors of companies outside the Company and that exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to the Company. Any external appointments are subject to Board approval (which would not be given if the proposed appointment was with a competing company, would lead to a material conflict of interest or could have a detrimental effect on a director's performance). At the discretion of the Board, the executive director may be able to retain any fees received.

5. Policy on payment for loss of office

The Committee aims to deal fairly with cases of termination, honouring contractual remuneration entitlements, while attempting to limit excess compensation. The principles that would be followed are:

- The executive directors have rolling contracts. Whilst the Board has the discretion to set a notice period of up to 12 months, the standard notice period is six months.
- The Company may elect to terminate employment immediately, in circumstances where it considers it to be appropriate, by making a payment in lieu of notice equivalent to the executive director's salary, pension and benefits for the notice period. The Committee retains the discretion to make a payment in lieu of notice as a single lump sum, or in such instalments as are considered appropriate. These payments are subject to the executive director's duty to mitigate their loss by finding alternative employment. If the executive director finds an alternative position, future payments will normally be reduced by the amount of remuneration received by the executive director pursuant to that alternative remunerated position. Any unused holiday entitlement may also be paid.
- The Company may terminate an executive director's employment without notice (or payment in lieu) in certain circumstances, including where they are guilty of gross misconduct or a serious or persistent breach of their service agreement.
- A bonus (where relevant in respect of that bonus year) may be payable where a director's employment terminates for a 'good leaver' reason. Any bonus payable will normally be pro-rated for time served and will be determined at the discretion of the Committee taking into account performance. Any unpaid bonus for the preceding completed bonus year may also be payable to a 'good leaver'. Any bonus payable will normally be subject to the deferral requirements set out earlier, but could, at the discretion of the Remuneration Committee, be paid entirely in cash and not subject to deferral. There is no entitlement to any bonus (in respect of that or any previous bonus year) following notice of termination (or cessation of employment) for 'bad leavers'.
- Any share-based awards, granted to an executive director under the Company's share plans, will be determined based on the relevant plan rules or award agreement. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, injury, transfer of the employing company or business out of the Group, or other circumstances at the discretion of the Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status will be applied. 'Good leaver' treatment under the various plans is as follows:
  - DBP and LTIP awards will vest on the normal vesting date (unless the Remuneration Committee decides that the awards should vest on the date of cessation) subject to, in the case of LTIP awards, performance conditions (measured over the original time period or a shorter period where the LTIP awards vest on cessation of employment), and are normally reduced pro-rata to reflect the proportion of the performance period actually served. The Remuneration Committee has the discretion to disapply time pro-rating if it considers it appropriate to do so. However, it is envisaged that for the LTIP awards, this would only be applied in exceptional circumstances. LTIP awards will normally continue to be subject to the two-year holding period.
- The Remuneration Committee may agree that the Company will pay for the provision of outplacement support and reasonable fees for a departing executive director to obtain independent legal advice in relation to their termination arrangements.
- Where it is necessary to discharge an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment, or by way of correcting any error or oversight by the Company, the participant or any third party, in respect of their remuneration, the Committee may make a payment to a departing executive director, or to an executive director who has left the business.

6. Recruitment policy

On the recruitment of an executive director, the Committee will aim to align the executive's remuneration package with the approved Directors' Remuneration Policy. In addition, the Committee has discretion to include any other remuneration component or award that it feels is appropriate, taking into account the specific circumstances of the recruitment, subject to the limit on variable remuneration set out in the table below. The key terms and rationale for any such component would be disclosed as appropriate in the Remuneration Report for the relevant year.

In arriving at a remuneration package, the Committee will take into account the skills and experience of the individual and the market rate for a candidate. The package should be market competitive, to facilitate the recruitment of individuals of sufficient calibre to lead the business, but the Committee would intend to pay no more than it believes is necessary to secure the required talent.

The details of the recruitment policy are set out below:

Reward element	Detailed terms
Base salary	In line with the above Directors' Remuneration Policy table. This includes discretion to pay lower base salary with incremental increases, as new appointee becomes established in the role, as well as discretion to pay a higher base salary to attract the desired calibre of candidate.
Pension and benefits	In line with the above Directors' Remuneration Policy table. Where necessary, the Remuneration Committee may approve the payment of relocation costs (including any tax thereon) to facilitate recruitment. Flexibility is retained for the Company to pay legal fees and other costs incurred by the individual in relation to their appointment.
Performance based pay	Executive directors are entitled to participate in the Company's Annual Bonus, DBP and Long-Term Incentive Plans in line with the above Directors' Remuneration Policy table. The maximum variable pay (excluding buy outs as referred to below) will be 350% of the base salary. In its discretion, the Committee may set different performance measures to apply to awards, made in the year of appointment, if it considers that to be appropriate.
Notice period	Whilst the Board has the discretion to set a notice period of up to 12 months, the standard notice period is six months.
Buy outs	In order to facilitate external recruitment of executive directors, it may be necessary for the Committee to consider buying out existing remuneration or contractual entitlements, that would be forfeited on the individual leaving their current employment. The Committee would seek, where possible, to provide a buy-out structure which was consistent with the forfeited awards in terms of the form of awards, quantum, vesting period and performance conditions. To facilitate any buy-out awards outlined above, in the event of recruitment, the Committee may grant awards to a new executive director relying on the provision in the Listing Rules, which would allow for the grant of awards to facilitate the recruitment of an executive director.

Other elements may be included in the following circumstances: i) an interim appointment being made to fill an executive director role on a short-term basis; and ii) if circumstances require that the Chair or a non-executive director takes on an executive function on a short-term basis.

The remuneration for a newly appointed Chair or non-executive director would normally be in line with the structure set out in the policy table for Chairs and non-executive directors on page 95.

Notes:

1 Should an executive appointment be made for an internal candidate, legacy terms and conditions would normally be honoured, including any accrued pension entitlements and any outstanding incentive awards.

7. Consideration of employees/wider Group

The remit of the Committee includes the oversight of remuneration for senior management (who are defined as the Group's Executive Leadership Team and Senior Leadership Team) as well as reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture. The Group HR Director is a regular attendee at meetings of the Remuneration Committee and is able to brief the Committee on remuneration levels for the wider workforce and meetings that have been held with employee representative bodies. The Committee reviews workforce remuneration, salary increases within the Group, and the level of annual bonus awards, as well as overseeing participation in long-term incentives for below Board level senior management. The Company engages with the wider workforce on a range of issues, including executive remuneration, through the work of the Workforce Engagement NED, who attends site-based employee meetings and provides feedback to the Board and Committee, so that the views of the wider workforce can be taken into consideration. As a result, the Committee is aware of how typical employee total remuneration compares to the potential total remuneration packages of executive directors and takes this into account when setting policy for executive director remuneration.

Differences in Remuneration Policy for executive directors compared to other employees

The executive directors' remuneration policy is set within the context of the Group's remuneration policy for the wider workforce.

The key differences of quantum and structure in pay arrangements between the CEO and the majority of colleagues reflect the different levels of overall accountability, responsibilities, skill and experience required for the role. The CEO's pay has a much greater emphasis on performance-based pay, through the annual bonus and the LTIP. Salaries for management grades are normally reviewed annually (currently in July each year) and take account of both business and personal performance. Specific arrangements are in place at each site and these may be annual arrangements or form part of a longer-term arrangement.

The majority of management grades participate in the Annual Bonus Plan to ensure alignment with the Group's strategic priorities. Senior management participate in long-term incentive arrangements, reflecting their contribution to Group performance and enhancing shareholder value. All employees are encouraged to own shares in the Company via the Sharesave Plan and, for executive directors, through the shareholding guideline.

8. Consideration of shareholders' views

The Remuneration Committee and the Board consider shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM and any action required is incorporated into the Remuneration Committee's action plan for the ensuing period. This, and any additional feedback received from shareholders from time to time, is then considered by the Committee and as part of its annual review of remuneration arrangements.

Specific engagement with major shareholders may be undertaken when a significant change in remuneration policy is proposed or if a specific item of remuneration is considered to be potentially contentious. During the design of the new policy, the Committee consulted with the major shareholders and the feedback received from the majority of shareholders was supportive.

9. Summary of the decision-making process and key changes to the Remuneration Policy

During the year, the Committee undertook a review of the Directors' Remuneration Policy and its implementation to ensure that the Policy supports the execution of strategy and the delivery of sustainable long-term shareholder value. The Committee discussed the content of the Policy at four Remuneration Committee meetings throughout the year. Throughout the review process, the Committee took into account the 2018 UK Corporate Governance Code, wider workforce remuneration and emerging best practice in relation to executive director remuneration. The Committee also considered input from management and our independent advisors, ensuring that conflicts of interest were appropriately managed (for example, executive directors were not present for the discussions directly related to their remuneration). The Committee considers that the overall remuneration framework – based on an annual bonus plan plus a performance share plan – remains appropriate to continue to incentivise management to drive long-term sustainable performance for shareholders. The proposed policy does, however, differ from the policy that was approved by shareholders at the 2020 AGM in the following areas:

Annual bonus	Maximum (as a percentage of salary) has been increased to 150%. Further context is provided in the Remuneration Committee Chair's letter.
Long-Term Incentive Plan (LTIP)	Maximum (as a percentage of salary) has been increased to 200%. Further context is provided in the Remuneration Committee Chair's letter.
Shareholding	Formal post-employment shareholding guideline introduced whereby, following stepping down from the Board, executive directors will normally be expected to maintain 100% of the in-employment shareholding guideline (or the actual shareholding if lower) for the first 12 months following departure from the Board, and 50% of the in-employment shareholding guideline (or the actual shareholding if lower) for the following 12 months.

Other minor changes have been made to the wording of the Policy to aid operation and increase clarity.

The Committee believes that the proposed Policy is clear and transparent and aligned with our culture. The Committee has taken into account provision 40 of the UK Corporate Governance Code and considers we comply as described below.

We operate a simple incentive framework, with award levels capped and pay outs linked to performance against a limited number of measures that are well linked to our strategy. Stretching, but fair, targets are set. This ensures that potential reward outcomes are clear and aligned with performance achieved, with the Committee having the discretion to adjust pay-outs where this is not considered to be the case.

Pay levels are set, taking into account external market levels, as well as internal practice to ensure pay remains competitive, whilst being equitable within the Company. Malus and clawback and discretion provisions, LTIP holding periods and shareholding guidelines, including post-employment, are in place to mitigate reputational and other risk.

Annual Report on Remuneration

An advisory vote on the Directors' Remuneration Report will be put to shareholders at the 2023 AGM. The Committee believes that the Remuneration Policy operated as intended in the year.

Single figure table for total remuneration (audited)

Single figure for the total remuneration received by each executive director for the 52 weeks ended 1 April 2023 (FY22/23) and the 52 weeks ended 2 April 2022 (FY21/22).

	Alex Whitehouse		Duncan Leggett	
	FY22/23 £'000	FY21/22 £'000	**FY22/23 £'000**	FY21/22 £'000
Salary	**529**	508	**363**	325
Taxable benefits[1]	**42**	31	**25**	21
Pension	**14**	13	**14**	13
Total fixed remuneration	**585**	552	**402**	359
Annual bonus[2]	**661**	634	**363**	325
LTIPs[3, 4]	**1,202**	1,520	**464**	490
Total variable remuneration	**1,863**	2,154	**827**	815
Single figure for total remuneration	**2,448**	2,706	**1,229**	1,174

1 The increase in taxable benefits reflects the inclusion of benefits in respect of permanent health insurance, which were not included in the prior year figures. Both directors were granted an award over 3,751 shares under the all-employee Sharesave Plan on 19 December 2022. An amount of £801 has been included within benefits with respect to this plan, which represents the 20% discount to the share price immediately prior to the offer (see the executive share awards table on page 107 for more information).

2 One-third of the annual bonus will be deferred into shares for three years, which are awarded under the terms of the DBP. Further details on DBP awards is set out on page 105.

3 The figures for share-based payments for FY22/23 represent an estimate of the value of the 25 June 2020 LTIP awards which will vest in full in June 2023, based on the three-month average price to 1 April 2023 of 116p. The share price at the date of grant was 69.5p and 40% of the value reported in the single figure is attributable to share price appreciation in the period (representing £478,955 for the CEO and £184,859 for the CFO) and no discretion has been exercised in relation to this.

4 The FY21/22 share-based award figures have been adjusted to include the value of the 24 September 2020 LTIP, which will vest in full in September 2023, based on the three-month average price to 1 April 2023 of 116p. The share price at the date of grant was 91.4p and 19% of the value reported in the single figure is attributable to share price appreciation in the period (representing £505,945 for the CEO and £490,144 for the CFO) and no discretion has been exercised in relation to this. As set out in the 2019/20 Directors' Remuneration Report, the two executive directors were each entitled to receive a pro rata award under the LTIP in respect of the 2019/20 financial period, to reflect the award levels of their new roles upon appointment as executive directors. This would ordinarily have been made immediately following appointment in 2019; however, members of the Board were in a prohibited dealing period, so the actual granting of the awards was delayed until 2020. These had the same performance measures, targets, and vesting level as the 2019 LTIP award, further details of which was set out in the Directors' Remuneration Report last year and later in this report on page 104. The FY21/22 share-based award figure for Mr Whitehouse has also been adjusted, in line with statutory reporting requirements, from that in last year's report, to show the actual value upon vesting of the 2019 LTIP award on 7 June 2022, based on a share price of 120.8p.

Base salary and fees (audited)

The Committee sets base salary by reference to the size and complexity of the business, based on factors such as market capitalisation, revenue, market share and total enterprise value.

Following their appointments in 2019, executive director salaries were increased incrementally to move them to around the lower quartile of the FTSE 250, which the Committee feels is appropriate given the Company's market capitalisation and its level of turnover, market value and complexity. The Committee is now comfortable that salaries are positioned appropriately for our current size, and therefore, the salary increases for executive directors for FY22/23, effective from 1 July 2022, were in line with the 5% increase awarded to all colleagues not involved in collective bargaining. The Committee will keep base salaries under review as we continue to grow in size and complexity and may make further step changes in the future if considered appropriate.

Executive director	**Salary as at 1 April 2023**	Change	Salary as at 2 April 2022
Alex Whitehouse	**£535,500**	+5.0%	£510,000
Duncan Leggett	**£367,500**	+5.0%	£350,000

Benefits

Benefits provided for the period related to the provision of car allowance, private fuel, private medical insurance, permanent health insurance and professional membership.

Pension

Under the Company's current Remuneration Policy, pension entitlements for executive directors are aligned with those available to the majority of the workforce, which currently equates to a contribution of 7.5% of basic pay up to an earnings cap (£181,800 for the 2022/23 tax year). Executive directors have the right to participate in the Group's defined contribution ('DC') pension plan, with any contribution above their annual allowance paid as cash. During the year, Alex Whitehouse and Duncan Leggett both participated in the Group's DC pension plan. Neither executive director participated in the Group's Defined Benefit pension scheme by reason of qualifying service.

The table below provides details of the executive directors' pension benefits in FY22/23:

	Company contributions to the Group's DC pension plan £'000	Cash in lieu of contributions to the DC-type pension plan £'000
Alex Whitehouse	4	10
Duncan Leggett	4	10

Annual bonus (executive directors) (audited)

Each year, the Committee sets individual performance targets and bonus opportunities for each of the executive directors. Annually, the Committee reviews the level of achievement against the performance targets set and, based on the Committee's judgement, approves the bonus of each executive director. Annual bonus payments are not pensionable.

Performance assessment for FY22/23

In line with the Remuneration Policy, for FY22/23, the CEO and CFO had maximum bonus opportunities of 125% of salary and 100% of salary, respectively. Performance was measured against targets relating to Trading profit (50% weighting), operating cash flow (20% weighting), strategic objectives (20% weighting) and ESG (10% weighting).

The Committee undertook a full and detailed review of the performance of each executive director against their financial and non-financial targets, including a 'performance in the round' assessment, which is set out below and in the Committee Chair's Annual Statement.

As stated earlier in this annual report, despite a number of challenges, the Group delivered a strong set of results in FY22/23. Trading profit was £157.5m, up +11.5% versus last year, driven by the effectiveness of the Group's branded growth model performance. Operating cash flow was £141.9m, up +11.4% versus last year.

The tables below set out performance compared to the financial and non-financial targets set at the start of the year.

Financial measures (audited)

	Annual bonus FY22/23					
Performance measure	**Threshold (0%)**	**Target (50%)**	**Stretch (100%)**	**Performance outcome**	**Weighting**	**Performance (% of max bonus)**
Financial targets (subject to a Trading profit underpin of £141.6m)						
Trading profit	£141.6m	£146.6m	£149.6m	£157.5m	50.0%	50.0%
Operating cash flow	£115.0m	£122.0m	£129.0m	£141.9m	20.0%	20.0%
					70.0%	70.0%

Strategic and ESG measures (audited)

Alex Whitehouse

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Non-financial targets (subject to a Trading profit underpin of £141.6m)			
Strategic	**Knighton:** Completed viability exercise and review of strategic options for the Group's Knighton site. Reviewed the options, together with costs, timetable, risk and mitigation plans with the Board, who approved a proposal to enter into a consultation process with colleagues regarding the future of the site. **International expansion:** Finalised launch plans for cake in the US market. Following the completion of a very successful test in over 200 stores, a roll out to further stores is now underway. **Organisational design:** Undertook assessment of the organisational needs of the Group (including roles, structure and compensation) to support the delivery of the five-year Strategic Plan. Presented to the Board for approval in March 2023.	20.0%	20.0%
Environment, Social and Governance (ESG)	**People:** Continued sponsorship of the Group's Inclusion and Diversity programme. Female representation increased within both the Senior Leadership Team and middle management roles. Approved the launch of a new sponsorship programme. **Product:** Increased the range of non-HFSS products with the launch of a number of new products, including: *Mr Kipling* Deliciously Good range, *Plantastic* snack pots, *Plantastic* cooking sauces, and *Oxo* stock pots.	10.0%	10.0%
		30.0%	30.0%
	Final outcome	100.0%	100.0%

Duncan Leggett

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Non-financial targets (subject to a Trading profit underpin of £141.6m)			
Strategic leadership	**Inorganic opportunities:** Led the financial assessment of M&A activity and the associated due diligence. Successful integration of *The Spice Tailor* into the Group. **Grow UK core:** Successful delivery of cost savings through supply chain and other efficiency improvement initiatives. **Investor relations:** Targeted programme to expand shareholder base with increased focus on overseas investors.	20.0%	20.0%
Environment, Social and Governance (ESG)	**Reporting:** Enhanced TCFD processes and increased compliance with TCFD requirements for FY22/23. Introduced external assurance for key ESG metrics to further strengthen processes and provide assurance on targets and performance reporting. **Risk:** Strengthened Risk processes to extend beyond the usual three-year time horizon and to embed climate and other ESG risks. New Director of Audit and Risk appointed to increase capability in this area.	10.0%	10.0%
		30.0%	30.0%
	Final outcome	100.0%	100.0%

The Committee considered the executives' achievements against their strategic and ESG objectives and, in light of the excellent progress delivered in the year, determined that a 100% pay-out for these elements was appropriate. The Committee considered the formulaic outcomes of the annual bonus assessment in the context of the current external environment, wider company and individual performance, the shareholder experience, the customer experience and the treatment of colleagues throughout the rest of the Group.

In addition to the operational highlights set out above, in FY22/23, Premier Foods has created approximately £65m of shareholder value, and delivered a shareholder return of 7% during the period, outperforming the FTSE 250 index (which was down 8% in the period).

The Committee believes that the executive directors continued to respond both decisively and effectively to the macro-economic challenges posed by significant inflationary pressures and the cost of living crisis, enabling the Group to perform successfully during FY22/23. In light of the Group's excellent financial performance, the strategic progress, and focus on the well-being of employees, the Committee concluded that the formulaic outcomes of the annual bonus assessment were justified, and that no discretion was required.

Long-Term Incentive Plan (LTIP)

Performance assessment for the June 2020 LTIP awards (audited)

The performance conditions for the 25 June 2020 LTIP award were based on a relative TSR condition (comprising two-thirds of the award) and an adjusted EPS condition (comprising one-third of the award). The Committee assessed the two performance conditions in May 2023 and concluded that both the relative TSR target and the adjusted EPS target had been fully achieved, which will result in full vesting of the LTIP award in June 2023. The TSR of Premier Foods over the three-year performance period was 389%, representing significant shareholder value creation and was significantly above the upper quartile TSR in the comparator group of circa 54%. The adjusted EPS performance of 12.9p was ahead of target and market consensus. The 2020 LTIP award was granted in June 2020 after the share price had recovered from an initial fall earlier in the year and was made at a higher share price than the 2019 LTIP awards, therefore there are no 'windfall gains' associated with this award. The Committee considered that the vesting reflected the underlying performance of the business and was appropriate. Details of the vesting outcomes are provided in the table below.

June 2020 LTIP

	Targets				Outcome		No. of shares to vest	No. of shares to vest
Performance measure	Weighting	Below threshold	Threshold	Stretch	Actual performance	Payout	Alex Whitehouse	Duncan Leggett
Relative TSR[1]	2/3	< Median	Median	Upper quartile	1st/2nd out of 372 companies	100%	1,040,145	401,459
Adjusted EPS[2]	1/3	< 11.4p	11.4p	12.4p	12.9p	100%		
% of relevant portion of award vesting[3]		0%	20%	100%				

1 Measured against the constituents of the FTSE All Share Index (excluding investment trusts) at the start of the period.

2 FY19/20 base year adjusted EPS was 8.9p. As disclosed in the 2020/21 Directors' Remuneration Report, when the Committee initially set the 2020/21 EPS targets, the corporation tax rate was expected to be reduced from 19% to 17% for the 2023 financial year and the EPS targets were set based on this lower tax rate. The planned reduction in tax rate was repealed and the 19% corporation tax rate remained in place. The Committee restated the EPS targets to reflect this tax rate change, as previously disclosed.

3 Straight-line vesting between threshold and stretch.

Performance assessment for the September 2020 LTIP awards (audited)

Additional pro rata awards were granted to Alex Whitehouse (449,250 shares) and Duncan Leggett (435,220 shares) on 24 September 2020, reflecting their increased LTIP opportunities on appointment as CEO and CFO in 2019 (as set out in the table on page 107). The grant of the awards was delayed until 2020 due the Company being in a prohibited period; however, the performance conditions that applied to these awards were the same as for the June 2019 LTIP, which, as reported in last year's Remuneration Report, have now been met in full. The awards will vest on 24 September 2023. The value of the awards has been included within the FY21/22 LTIPs column in the single figure table on page 101.

September 2020 LTIP

	Targets				Outcome		No. of shares to vest	No. of shares to vest
Performance measure	Weighting	Below threshold	Threshold	Stretch	Actual performance	Payout	Alex Whitehouse	Duncan Leggett
Relative TSR[1]	2/3	< Median	Median	Upper quartile	3rd/4th out of 386 companies	100%	449,250	435,220
Adjusted EPS[2]	1/3	< 10.1p	10.1p	11.1p	12.1p	100%		
% of relevant portion of award vesting[3]		0%	20%	100%				

1 Measured against the constituents of the FTSE All Share Index (excluding investment trusts) at the start of the period.

2 FY18/19 base year adjusted EPS was 8.5p.

3 Straight-line vesting between threshold and stretch.

Scheme interests awarded during the financial year (audited)

Deferred Bonus Plan (DBP)

One-third of any annual bonus payment awarded to executive directors is made in the form of shares. These shares are awarded under the terms of the DBP, which was approved by shareholders in July 2017. Awards will normally be made within six weeks following the announcement of the Group's full year results. The awards will normally vest on the third anniversary of grant and be awarded in the form of nil cost options (with no performance conditions), which will be exercisable up until the tenth anniversary of grant. The shares are subject to continued employment and forfeiture and clawback provisions. Details of the DBP award granted as nil cost options on 9 June 2022, based on a share price of 119.36p (representing the closing middle market quotation (MMQ) on the five dealing days prior to the date of grant), are set out below:

	FY21/22 Annual bonus	Bonus deferral (one-third)	No. of shares awarded	Deferral period
Alex Whitehouse	£634,375	£211,458	177,160	09.06.22 – 09.06.25
Duncan Leggett	£325,060	£108,353	90,778	09.06.22 – 09.06.25

LTIP award for FY22/23

Details of the LTIP award, granted in the form of nil-cost options on 9 June 2022, are set out below.

	Basis of award	Number of shares awarded	Face value on award date[1]	Performance period
Alex Whitehouse	150%	640,918	£765,000	01.04.22 – 31.03.25
Duncan Leggett	100%	293,230	£349,999	01.04.22 – 31.03.25

1 Determined based on the closing MMQ on the five dealing days ending 8 June 2022 of 119.36p.

		Targets			
Performance measure	Weighting	Below threshold	Threshold	Target	Stretch
Relative TSR[1]	50%	< Median	Median	N/A	Upper quartile
Adjusted EPS[2]	50%	< 11.4p	11.4p	11.9p	12.4p
% of relevant portion of award vesting[3]		0%	20%	50%	100%

1 Measured against the constituents of the FTSE 250 Index (excluding investment trusts) at the start of the period.

2 FY20/21 base year adjusted EPS was 11.0p.

3 Target EPS of 11.9p (at which 50% vests) with straight-line vesting between threshold and target and between target and stretch.

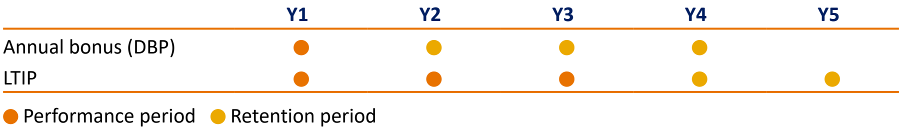
Additional context on these performance measures, weightings and targets was provided in the 2021/22 Directors' Remuneration Report.

Dilution limits

Awards under certain executive and all-employee share plans may be satisfied using either newly issued shares or shares purchased in the market and held in the Group's Employee Benefit Trust (which held 4,511,923 shares as at 1 April 2023). The Group complies with the Investment Association guidelines in respect of the dilutive effect of newly issued shares. The current dilutive impact of share awards over a 10-year period is approximately 5.0%.

Share ownership guidelines, vesting and retention periods

To align executive directors' interests with those of shareholders, executives must hold 200% of salary in shares (valued at year end). The Committee will review progress against the requirements (see Share ownership guidelines table below), noting that the executive directors are expected to retain 50% of shares from vested awards under the Deferred Bonus Plan (DBP) and the LTIP (other than sales to settle any tax or NICs due) until the guideline is reached. Retention periods have been introduced for both the annual bonus scheme and LTIP to encourage a focus on the long-term sustainable development of the business. One-third of any annual bonus award is deferred into shares for three years under the DBP and any shares which vest under LTIP awards granted since 2018 will be deferred for a further two-year period.



Post-employment shareholding guideline

As set out in the Annual Statement on pages 90 and 91, the Remuneration Committee reviewed the recommendation set out in the UK Corporate Governance Code as part of its review of the Remuneration Policy, and is proposing to introduce a formal post-employment shareholding guideline.

Executives will be required to hold 100% of their in-employment guideline (or actual shareholding at departure, if lower) for the first year post-cessation, and 50% in the second year. Further details can be found in the 2023 Directors' Remuneration Policy set out on pages 93 to 100.

Share ownership for the wider Group

The Committee recognises the importance of aligning colleagues' interests with those of shareholders and encourages share ownership in order to increase focus on the delivery of shareholder return. All members of the ELT participate in the LTIP. Participation in the Sharesave Plan currently represents approximately 34% of colleagues.

Statement of directors' shareholding and share interests (audited)

The following table shows executive directors' interests in Company shares. Awards under the LTIP are subject to a three-year vesting period and will only vest if stretching performance conditions are met. Awards are also subject to a two-year holding period post vesting. The figures shown represent the maximum number of shares a director could receive following the end of the vesting period if all performance targets were achieved in full.

Share ownership guidelines and share interest table (audited) FY22/23

	No. of shares owned as at 1 April 2023[1]	No. of shares owned as at 2 April 2022	Share ownership guideline[2]	DBP Awards	LTIP Awards (vested)[3]	LTIP Awards (unvested)	Sharesave Awards	Total
Alex Whitehouse	**461,703**	452,678	408%	506,545	1,913,192	2,818,386	15,349	5,715,175
Duncan Leggett	**115,478**	106,811	88%	216,313	53,833	1,414,312	15,349	1,815,285

1 There were no changes in directors' share interests between year-end and 18 May 2023.

2 The Group's shareholding guidelines require executive directors to hold 200% of their salary in shares; The percentage stated includes the post-tax value of awards held under the Deferred Bonus Plan and vested LTIP awards, valued at the share price at year-end.

3 Vested but unexercised nil cost options.

Executive share awards (audited)

	Date of grant	Balance as at 2 April 2022	Awarded in the year	Exercised in the year	Vested in the year[2]	Lapsed in the year	**Balance as at 1 April 2023**	Option price	Share price on date of grant	Share price on date of exercise	Date of vesting/ becomes exercisable	Maximum Expiry date
Alex Whitehouse												
LTIP[1]	13.06.17	225,852	–	–	–	–	**225,852**	–	40.50	–	13.06.20	12.06.24
	08.08.18	779,497	–	–	–	–	**779,497**	–	41.20	–	08.08.21	07.08.25
	07.06.19	907,843	–	–	907,843	–	**907,843**	–	34.00	–	07.06.22	06.06.26
	25.06.20	1,040,145	–	–	–	–	**1,040,145**	–	69.50	–	25.06.23	24.06.27
	24.09.20	449,250	–	–	–	–	**449,250**	–	91.40	–	24.09.23	24.09.27
	10.06.21	688,073	–	–	–	–	**688,073**	–	108.60	–	10.06.24	09.06.31
	09.06.22	–	640,918	–	–	–	**640,918**	–	120.00	–	09.06.25	08.06.32
DBP	25.06.20	138,254	–	–	–	–	**138,254**	–	69.50	–	25.06.23	25.06.30
	10.06.21	191,131	–	–	–	–	**191,131**	–	108.60	–	10.06.24	10.06.31
	09.06.22	–	177,160	–	–	–	**177,160**	–	120.00	–	09.06.25	09.06.32
Sharesave Plan[2]	16.12.19	8,876	–	8,876	–	–	**–**	29.20	37.20	112.00	01.02.23	31.07.23
	15.12.20	7,531	–	–	–	–	**7,531**	71.70	95.00	–	01.02.24	31.07.24
	16.12.21	4,067	–	–	–	–	**4,067**	83.20	104.00	–	01.02.25	31.07.25
	19.12.22	–	3,751	–	–	–	**3,751**	85.40	107.40	–	01.02.26	31.07.26
		4,440,519	821,829	8,876	907,843	–	**5,253,472**					
Duncan Leggett												
LTIP[1]	13.06.17	53,833	–	–	–	–	**53,833**	–	40.50	–	13.06.20	12.06.24
	25.06.20	401,459	–	–	–	–	**401,459**	–	69.50	–	25.06.23	24.06.27
	24.09.20	435,220	–	–	–	–	**435,220**	–	91.40	–	24.09.23	24.09.27
	10.06.21	284,403	–	–	–	–	**284,403**	–	108.60	–	10.06.24	10.06.31
	09.06.22	–	293,230				**293,230**	–	120.00	–	09.06.25	08.06.32
DBP	25.06.20	34,289	–	–	–	–	**34,289**	–	69.50	–	25.06.23	25.06.30
	10.06.21	91,246	–	–	–	–	**91,246**	–	108.60	–	10.06.24	10.06.31
	09.06.22	–	90,778	–	–	–	**90,778**	–	120.00	–	09.06.25	09.06.32
Sharesave Plan[2]	16.12.19	8,876	–	8,876	–	–	**–**	29.20	37.20	112.00	01.02.23	31.07.23
	15.12.20	7,531	–	–	–	–	**7,531**	71.70	95.00	–	01.02.24	31.07.24
	16.12.21	4,067	–	–	–	–	**4,067**	83.20	104.00	–	01.02.25	31.07.25
	19.12.22	–	3,751	–	–	–	**3,751**	85.40	107.40	–	01.02.26	31.07.26
		1,320,924	387,759	8,876	–	–	**1,699,807**					

1 The 2019 LTIP for Mr Whitehouse includes 7,502 shares representing notional dividends paid during the performance period, up until the date of vesting on 7 June 2022. The Remuneration Committee has determined that the TSR and EPS elements of the 2020 LTIP awards will vest in full in June and September 2023 (see page 104 for more information).

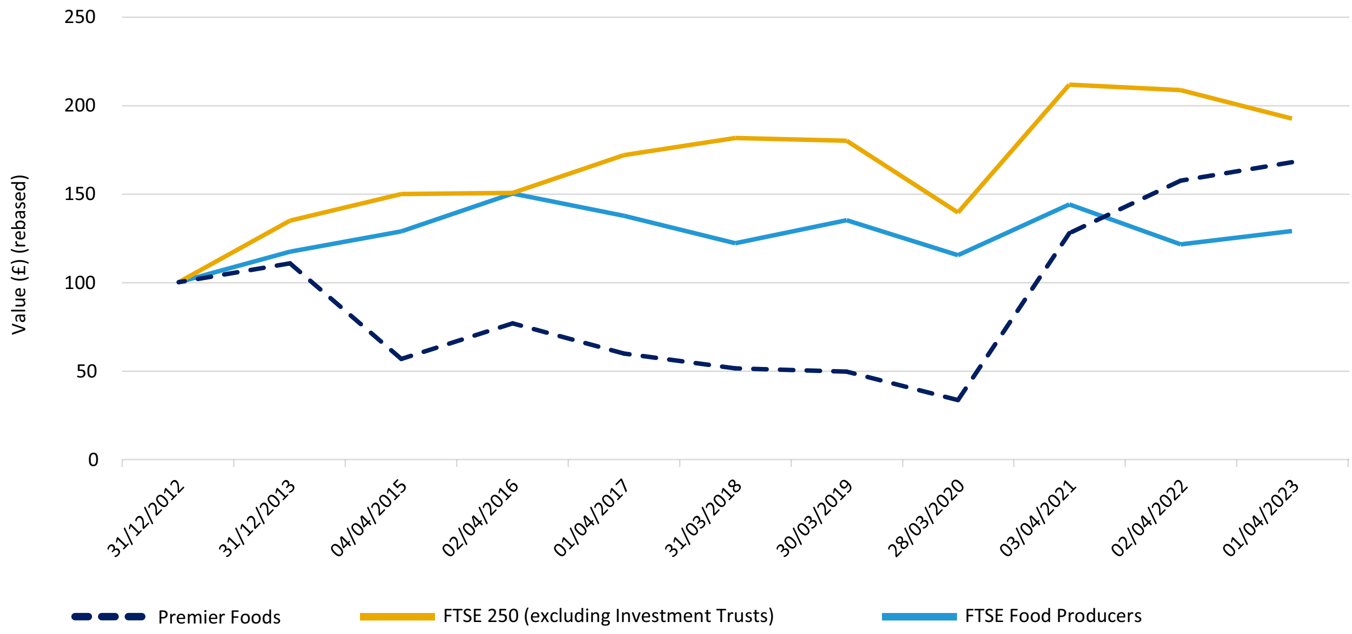
2 Executive directors are eligible to participate in the Group's Sharesave Plan on the same basis as all other eligible employees. Mr Whitehouse and Mr Leggett were granted an award over 3,751 shares under the all-employee Sharesave Plan on 19 December 2022. An amount of £801 has been included within taxable benefits, which represents the 20% discount to the share price immediately prior to the offer.

Total shareholder return

The market price of a share in the Company on 31 March 2023 (the last trading day before the end of the financial period) was 122.0p; the range during the financial period was 92.8p to 127.0p.

The graph shows the value, by 2 April 2022, of £100 invested in Premier Foods plc on 31 December 2012, compared with the value of £100 invested in the FTSE Food Producers Index and FTSE 250 (excluding Investment Trusts) Index on the same date. The Committee considers these to be the most appropriate comparator indices to assess the performance of the Group, given the Group's position as a FTSE 250 Food Producer. The other points plotted are the values at intervening financial year-ends.

Share graph



Chief Executive's single figure for total remuneration

The table below shows the single figure for total remuneration and the annual bonus and LTIP vesting as a percentage of maximum opportunity for the previous 10 financial periods.

Year	CEO	Single figure for total remuneration	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
FY22/23	Alex Whitehouse	£2,447,797	100%	100%
FY21/22	Alex Whitehouse[2]	£2,705,795	100%	100%
FY20/21	Alex Whitehouse	£2,025,254	100%	100%
FY19/20	Alex Whitehouse[1]	£742,575	81.5%	33.3%
FY19/20	Alastair Murray[1]	£683,776	64.2%	33.3%
FY18/19	Alastair Murray	£158,297	53.0%	–
FY18/19	Gavin Darby	£1,241,708	60.0%	–
FY17/18	Gavin Darby	£1,229,383	35.0%	–
FY16/17	Gavin Darby	£862,455	–	–
FY15/16	Gavin Darby	£1,750,933	57.0%	–
FY14/15	Gavin Darby	£1,736,749	23.4%	–
FY13	Gavin Darby	£1,405,753	16.0%	–
FY13	Michael Clarke	£1,122,795	–	–

1 Alex Whitehouse was appointed as CEO on 30 August 2019 and Alastair Murray stepped down as Acting CEO and Chief Financial Officer.

2 The figures for FY21/22 have been adjusted, in line with statutory reporting requirements, to show the actual value upon vesting of the LTIP award on 7 June 2022. Full details of the single figure for total remuneration are set out on page 101.

Percentage change in remuneration of directors and employees

For the purpose of this table, remuneration is defined as salary, benefits and annual bonus. The increase in benefits for executive directors reflects the inclusion of private health insurance in FY22/23. Where directors have been appointed part way through the prior financial year, comparative figures have been calculated using an annualised figure. Tania Howarth, Lorna Tilbian and Roisin Donnelly were appointed as non-executive directors on 1 March, 1 April and 1 May 2022, respectively. Yuichiro Kogo does not receive a fee. The directors are the only employees of the Company, so the average pay of colleagues in the wider Group has also been included for the purposes of comparison.

	Change in pay FY22/23			Change in pay FY21/22			Change in pay FY20/21		
	Base salary % Change FY22/23	**Benefits % Change FY22/23**	**Annual bonus % Change FY22/23**	Base salary % Change FY21/22	Benefits % Change FY21/22	Annual bonus % Change FY21/22	Base salary % Change FY20/21	Benefits % Change FY20/21	Annual bonus % Change FY20/21
Executive directors									
Alex Whitehouse	**+4.3%**	**+34.5%**	**+4.2%**	+3.2%	+0.2%	+1.5%	+5.3%	-5.7%	+61.4%
Duncan Leggett	**+11.7%**	**+21.8%**	**+11.7%**	+12.5%	-1.8%	+9.1%	+12.7%	+4.5%	+33.1%
Non-executive directors									
Colin Day	**+8.5%**	**–**	**–**	+0.8%	–	–	0%	–	–
Richard Hodgson	**0%**	**–**	**–**	0%	–	–	0%	–	–
Simon Bentley	**0%**	**–**	**–**	0%	–	–	0%	–	–
Roisin Donnelly	**0%**	**–**	**–**	–	–	–	–	–	–
Tim Elliott	**0%**	**–**	**–**	0%	–	–	0%	–	–
Tania Howarth	**0%**	**–**	**–**	0%	–	–	0%	–	–
Helen Jones	**+12.9%**	**–**	**–**	0%	–	–	0%	–	–
Yuichiro Kogo	**–**	**–**	**–**	–	–	–	–	–	–
Lorna Tilbian	**0%**	**–**	**–**	–	–	–	–	–	–
All Group employees	**+11.1%**	**–**	**-31.2%**	-0.8%	–	+40.7%	+5.6%	–	+49.3%

Senior management and the wider workforce

The remit of the Committee includes the oversight of remuneration for senior management (who are defined as the Group's Executive Leadership Team and Senior Leadership Team) as well as reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture. Remuneration for executive directors is set within the context of the Group's remuneration policy for the wider workforce. The key differences of quantum and structure in pay arrangements across the Group reflect the different scope of roles and levels of accountability required for the role, and that executive directors and senior management have a much greater emphasis on performance-based pay through the annual bonus and the LTIP.

Salaries for management grades are normally reviewed annually (currently in July each year) and take account of both business and personal performance. Specific arrangements are in place at each site, which may be annual arrangements or form part of a longer-term arrangement, and the Board is kept regularly updated on these arrangements.

The Committee reviews the level of salary increases for colleagues not involved in collective bargaining and reviews the annual bonus plan for the general management population. Financial objectives for executive directors and the management population are aligned and strategic objectives are cascaded down the management structure. Senior management participate in long-term incentive arrangements, reflecting their contribution to Group performance and enhancing shareholder value. All employees are encouraged to own shares in the Company via the Sharesave Plan and executive directors through our shareholding guidelines.

CEO pay ratio

The table on page 110 sets out a comparison of the CEO's total earnings as compared to the wider workforce, based on colleagues' pay at the 25th percentile, median and 75th percentile. Premier Foods is a food manufacturing business employing around 4,000 colleagues, the majority of whom are based at our manufacturing sites.

We apply the same reward principles for all colleagues – that overall remuneration should be competitive when compared to similar roles in similar organisations. For manufacturing colleagues, we benchmark against the general pay conditions for similar roles in the relevant local area, including other food manufacturers. For the CEO, we benchmark against salaries at companies with a similar level of turnover, enterprise value and complexity. The key differences of quantum and structure in pay arrangements, between the CEO and the majority of colleagues, reflect the different levels of overall accountability, responsibilities, skill and experience required for the role. The CEO's pay has a much greater emphasis on performance-based pay through the annual bonus and the LTIP. The ratios may, therefore, vary significantly year-on-year, depending on bonus and LTIP outcomes.

Year	Method	25th percentile	Median	Pay ratio 75th percentile
FY22/23	B	74:1	71:1	57:1
FY21/22	B	93:1	78:1	61:1
FY20/21	B	82:1	61:1	49:1
FY19/20	A	60:1	49:1	35:1
FY21/22	Base salary	£26,972	£24,729	£40,524
FY21/22	Total pay and benefits	£29,085	£34,540	£44,613

The CEO single figure for total remuneration was £2,447,797 (FY21/22: £2,705,795), as set out on page 108 of this report. The single figure (and associated percentile ratios) for FY21/22 have been adjusted to include the value of the 24 September 2020 LTIP award and to show the actual value upon vesting of the 2019 LTIP award on 7 June 2022. The main reason for the change in ratios from last year is a reduction in the value attributed to the CEO's vesting LTIP award in FY22/23 compared to the prior year. The Committee confirms that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

The Group has calculated the ratio in line with the reporting regulations using method B, which uses the most recent hourly rate gender pay gap information for all UK employees of the Company to identify three UK employees as the best equivalents. This uses data which is already reported externally as part of the Group's gender pay gap reporting. Due to the fact that the Group has a significant number of part-time employees and a range of different weekly working hours and shift allowances at various sites, the calculation of comparable full-time equivalents under method A was considered particularly complex. The results for this year were checked against colleagues' pay at either side of the data points selected, to ensure the results were representative and the figures provided are considered to be reflective of pay at the relevant sites where the colleagues are based. No adjustments or estimates have been used.

The workforce comparison is based on:

1. Payroll data as at 5 April 2022 for all colleagues, including part time colleagues and the CEO, but excluding non-executive directors.
2. Total pay comprising salary and taxable benefits (including shift allowance, overtime, car allowance and performance-related pay) as at 31 March 2023. Employers' pension contributions are not included in the data under the requirements of the gender pay gap reporting, but have been included in the total pay and benefits figures for the three colleagues listed in the table above for comparative purposes.

Gender pay gap reporting

Details of gender pay gap reporting are provided on page 182 and the full report is available on the Group's website.

Payments for loss of office (audited)

There were no payments for loss of office in the year (FY21/22: £Nil).

Payments to former directors (audited)

There were no payments to former directors in the year (FY21/22: £Nil).

Relative importance of spend on pay

The following table sets out the amounts and percentage change in total employee costs and distributions to shareholders (dividends and share buy backs). The Company has recommended the payment of a final dividend of 1.44p per share for the financial period, subject to shareholder approval at the AGM in July 2023, which represents a 20% increase on the prior year.

	FY22/23	FY21/22	Increase/ Decrease
Total employee costs	**£209.2m**	£183.0m	+14.3%
Distributions to shareholders	**£10.3m**	£8.5m	+21.2%

Non-executive directors

Fees payable to non-executive directors are determined by the Board. The level of fee is set in the context of the time commitment and responsibilities required by the role. As a result, additional fees are payable to the Chairs of the Audit and Remuneration Committees and for the role of Senior Independent Director. No change has been made to the basic NED fee since 2009.

Non-executive directors (audited)

Single figure for the total remuneration received by each non-executive director for the financial periods ended 1 April 2023 and 2 April 2022.

	FY22/23			FY21/22		
	Fees	Expenses[3]	Total	Fees	Expenses	Total
Director	£	£	**£**	£	£	£
Colin Day	235,000	1,644	**236,644**	216,667	334	217,001
Richard Hodgson	67,000	–	**67,000**	67,000	–	67,000
Simon Bentley	70,000	–	**70,000**	70,000	–	70,000
Roisin Donnelly[1]	52,250	672	**52,922**	N/A	–	N/A
Tim Elliott	57,000	1,308	**58,308**	57,000	509	57,509
Tania Howarth[1]	57,000	628	**57,628**	4,750	–	4,750
Helen Jones	64,333	–	**64,333**	57,000	–	57,000
Yuichiro Kogo[2]	–	–	**–**	–	–	–
Lorna Tilbian[1]	57,000	687	**57,687**	N/A	N/A	N/A
Former directors:						
Pam Powell[1]	20,625	–	**20,625**	67,500	207	67,707
Daniel Wosner[1,2]	–	–	**–**	–	–	–

1 Tania Howarth, Lorna Tilbian and Roisin Donnelly were appointed as non-executive directors on 1 March, 1 April and 1 May 2022, respectively. Pam Powell and Daniel Wosner both retired as directors at the AGM on 20 July 2022.

2 Yuichiro Kogo and Daniel Wosner were appointed pursuant to relationship agreements with two of our major shareholders and did not receive a fee for their roles as non-executive directors.

1 Expenses relate to taxable travel costs in connection with the attendance at Board and Committee meetings during the year. The amounts in the table above include the grossed-up cost of UK tax paid by the Company on behalf of the non-executive directors.

Non-executive directors' fees

The fees of our non-executive directors (NEDs) are set out below. No increases were awarded in FY22/23.

	1 April 2023	Change	2 April 2022
Chair's fee	**£235,000**	–	£235,000
Basic NED fee	**£57,000**	–	£57,000
Additional remuneration:			
Audit Committee Chair fee	**£13,000**	–	£13,000
Remuneration Committee Chair fee	**£10,500**	–	£10,500
Senior Independent Director fee	**£10,000**	–	£10,000

Non-executive directors' terms of appointment

All non-executive directors have entered into letters of appointment/amendment as detailed in the table below. The appointments are subject to the provisions of the Companies Act 2006 and the Company's Articles. Terms of appointment are normally for three years or until the date of the AGM immediately preceding the third anniversary of appointment. Non-executive directors' continued appointments are evaluated annually, based on their contributions and satisfactory performance. Following the expiry of a term of appointment, non-executives may be reappointed for a further three-year period. The terms of appointment for Yuichiro Kogo are governed by the terms of the relationship agreement between the Company and Nissin, our largest shareholder.

Director	**Date of original appointment**	**Expiry of current appointment/amendment letter**	**Notice period**
Alex Whitehouse	30 August 2019	–	6 months
Duncan Leggett	10 December 2019	–	6 months
Colin Day	30 August 2019	AGM 2025	3 months
Richard Hodgson	6 January 2015	AGM 2023	3 months
Simon Bentley	27 February 2019	AGM 2024	3 months
Roisin Donnelly	1 May 2022	AGM 2025	3 months
Tim Elliott	15 May 2020	AGM 2023	3 months
Tania Howarth	1 March 2022	AGM 2024	3 months
Helen Jones	15 May 2020	AGM 2023	3 months
Yuichiro Kogo	25 March 2021	–	–
Lorna Tilbian	1 April 2022	AGM 2024	3 months

Non-executive directors' interests in shares (audited)

NED	Ordinary shares owned as at 1 April 2023[3]	Ordinary shares owned as at 2 April 2022
Colin Day	**200,000**	200,000
Richard Hodgson	**–**	–
Simon Bentley	**–**	–
Roisin Donnelly[1]	**45,651**	N/A
Tim Elliott	**10,000**	10,000
Tania Howarth[1]	**–**	–
Helen Jones	**10,000**	10,000
Yuichiro Kogo[2]	**–**	–
Lorna Tilbian[1]	**–**	–
Former directors:		
Pam Powell[1]	**160,366**	160,366
Daniel Wosner[1]	**72,850**	72,850

1 Tania Howarth, Lorna Tilbian and Roisin Donnelly were appointed as non-executive directors on 1 March, 1 April and 1 May 2022, respectively. Pam Powell and Daniel Wosner both retired as directors at the AGM on 20 July 2022.

2 Yuichiro Kogo is a shareholder representative director appointed pursuant to a relationship agreement with Nissin, our largest shareholder.

3 There were no changes in directors' share interests between year-end and 18 May 2023.

Statement of implementation of the remuneration policy in FY23/24

The arrangements set out below are subject to the approval of the 2023 Directors' Remuneration Policy by shareholders at the AGM in July 2023.

Base salary and fees

The table below shows the base salaries of the executive directors as of 1 April 2023.

Executive director	Salary as at 1 April 2023
Alex Whitehouse	**£535,500**
Duncan Leggett	**£367,500**

The salary increase for executive directors for FY23/24, which will apply from 1 July 2023, will be disclosed in next year's Directors' Remuneration Report. In line with shareholder guidance, salary increases will be lower than the average rate of increase for colleagues. The Committee will continue to keep the executive directors' salaries under review as the Company's size and complexity continues to increase.

Benefits

Benefits for FY23/24 will be in line with the approved Remuneration Policy.

Pension

Pension entitlements for FY23/24 will be in line with the approved Remuneration Policy and on the same basis as that offered to the majority of the workforce (currently a salary supplement of 7.5% of base salary up to an earnings cap).

Annual bonus measures for FY23/24

The Committee agreed that, for FY23/24, the financial targets would represent 70% of the total bonus opportunity. The performance measures will be linked to the Group's strategy to focus on revenue growth, cost efficiency and cash generation with the aim to deliver the Group's growth strategy. As with last year, the financial targets comprise Trading profit and operating cash flow goals. Trading profit is a Group KPI (see page 56).

Non-financial objectives are focused on strategic opportunities to drive sales, generate cost savings and improve free cash flow in support of the Group's growth strategy. The element relating to ESG is aligned with the delivery of the Group's ESG strategy, the Enriching Life Plan (see pages 26 to 37 for more information). The Board considers the financial targets and the non-financial targets to be commercially sensitive, but has agreed that they will be disclosed as part of the performance assessment in next year's annual report. The financial and non-financial targets both contain Trading profit underpins.

As set out earlier in the report, the Committee is proposing to increase the annual maximum bonus opportunities by 25% of salary for each of the executive directors for FY23/24 onwards, subject to shareholder approval of the 2023 Directors' Remuneration Policy in July 2023. Recognising the increased opportunity, the Committee has set stretching targets for the one-year performance period. One-third of any annual bonus awarded in respect of FY23/24 will be deferred in shares for three years under the Deferred Bonus Plan.

	Alex Whitehouse	Duncan Leggett
Maximum opportunity as a % of salary	150%	125%
Performance measure	Weighting	Weighting
Financial objectives (subject to a Trading profit underpin)		
Trading profit	50%	50%
Operating cash flow	20%	20%
	70%	70%
Non-financial objectives (subject to a Trading profit underpin)		
Strategic	20%	20%
Environmental, Social and Governance	10%	10%
	100%	100%

LTIP award for FY23/24

As set out earlier in the report, the Committee is proposing to increase the annual maximum LTIP opportunities by 50% of salary for each of the executive directors for FY23/24 onwards, subject to shareholder approval of the 2023 Directors' Remuneration Policy in July 2023. For the FY23/24 award, the Committee proposes to use the same measures and weightings as for the FY22/23 LTIP award, i.e. relative TSR (50%) and adjusted EPS (50%), which are aligned with the Group's growth strategy to focus on revenue and profit growth, cost efficiency, cash generation and investment in the business in order to generate sustainable shareholder return over the medium-term.

The Committee believes that these measures are fully aligned with the interests of shareholders and that awards will only vest following the achievement of stretching performance targets.

The TSR condition requires at least a median ranking to be achieved for 20% of this part of the award to vest, with full vesting taking place for an upper quartile ranking against the constituents of the FTSE 250 Index (excluding investment trusts), which is considered an appropriate index to use as the Company is now an established member of the FTSE 250 Index.

The adjusted EPS target is 12.8p, with a range of 12.3p at threshold to 13.3p at maximum, which represents a circa 8% increase on the prior year's targets. In setting these targets, the Committee took into account the Group's five-year strategic plan and the impact of the change in corporation tax rate from 19% to 25%. The Group currently retains brought-forward losses, which it can utilise to offset against future tax liabilities and, therefore, tax is largely a non-cash item for Premier Foods. The Committee noted that a notional tax charge is included for the purposes of calculating EPS and, therefore, the increase in tax rate would reduce the EPS outcome in FY25/26. The Committee has set stretching targets for the three-year performance period, recognising the increased opportunity for FY23/24. The targets have been set to ensure that participants are motivated to deliver shareholder value without excessive risk-taking. In line with its usual approach, the Committee will review performance in the round to ensure that final vesting outcomes reflect the broader business and individual context in the period.

	Basis of award	Face value on award date	Performance period
Alex Whitehouse	200%	£1,071,000	01.04.23 – 31.03.26
Duncan Leggett	150%	£551,250	01.04.23 – 31.03.26

		Targets			
Performance measure	**Weighting**	**Below threshold**	**Threshold**	**Target**	**Stretch**
Relative TSR[1]	50%	< Median	Median	N/A	Upper quartile
Adjusted EPS	50%	< 12.3p	12.3p	12.8p	13.3p
% of relevant portion of award vesting[2]		0%	20%	50%	100%

1 Measured against the constituents of the FTSE 250 Index (excluding investment trusts) around the start of the period.

2 Target EPS of 12.8p (at which 50% vests) with straight-line vesting between threshold and target and between target and stretch.

The Committee

Details of the Committee members and their meeting attendance are set out on page 75. I was appointed as Chair of the Remuneration Committee on 20 July 2022, having served as a member of the Remuneration Committee for two years. Throughout the financial period, all members of the Committee have been independent. In addition, the Chair of the Board, CEO, HR Director and the remuneration advisers attended Committee meetings by invitation. In accordance with the Committee's terms of reference, no one attending a Committee meeting may participate in discussions relating to his/her own terms and conditions of service or remuneration. Over the course of the year, the Committee held five scheduled meetings.

Role of the Remuneration Committee

The Committee has been delegated authority by the Board to approve the overall design of the Remuneration Policy for executive directors and senior management, to agree the terms of employment, including recruitment and termination terms of executive directors, approve the design of all share incentive plans, recommend appropriate performance measures and targets for the variable element of remuneration packages, and determine the extent to which performance targets have been achieved. The Committee's remit has also been extended to review the remuneration arrangements for the wider workforce and to ensure there is alignment between the Group's remuneration arrangements and culture.

The key activities of the Committee during the financial period were as follows:

- Undertook a detailed review of remuneration arrangements for executive directors, as part of the preparation of the 2023 Directors' Remuneration Policy, and undertook an engagement exercise with major shareholders to understand their views;
- Reviewed remuneration arrangements for the ELT to ensure they continue to support the Group's evolving strategy, and aid the retention and recruitment of senior management;
- Together with the Board, received regular updates on the remuneration arrangements for the wider workforce, the impact of the cost of living crisis on colleagues, site pay negotiations, and the options to extend long-term incentive arrangements for management below the ELT;
- Reviewed and discussed developments in best practice in order to keep the Committee up to date with current market practice;
- Reviewed the voting results for the 2022 Directors' remuneration report;
- Reviewed the FY22/23 salary increase for colleagues not involved in collective bargaining;
- Reviewed and recommended executive directors' and senior managers' annual bonuses in respect of the financial period, and set the targets for the FY22/23 annual bonus, ensuring they were aligned with the strategic objectives of the Group;
- Granted the 2022 awards under the Company's all-employee plans and monitored colleague participation; and
- Granted the 2022 awards under the Company's executive share plans to executive directors and senior managers and agreed the targets for awards due to be made in 2023, ensuring they are aligned with the strategic objectives of the Group.

Committee evaluation

As part of the internal Board evaluation exercise conducted during the year (see page 78 for more information), a review of the Committee's effectiveness was also undertaken. The review included the management of meetings, quality of papers and presentations, an assessment of overall remuneration strategy and whether it supported the delivery of the Group and ESG strategies, the Committee's understanding of remuneration arrangements for the wider workforce and the views of key stakeholders. It was confirmed that the Committee remained effective and an action plan for the coming year was agreed. A review was also undertaken of the performance of the Committee's adviser, and it was confirmed that they had performed effectively in supporting the Committee over the period.

Advisers

Following a tender exercise undertaken in 2020, Deloitte LLP ('Deloitte') was appointed as adviser by the Committee in January 2021. The Deloitte engagement team have no other connection with the Group or its directors that is considered to impair their independence. Deloitte also provided advice to the Group in relation to tax and internal control during the year. Deloitte is a founding member of the Remuneration Consultants Group and, as such, adheres to its Code of Conduct. The Committee is satisfied that the advice received from Deloitte is objective and independent. During the financial period, Deloitte received fees of £88,250 (FY21/22: £68,950) on a time and material basis, in respect of their advice to the Committee.

External appointments

The Board is open to executive directors who wish to take on a non-executive directorship with a publicly quoted company in order to broaden their experience. Executives may be entitled to retain any fees they receive. However, any such appointment would be reviewed by the Board on a case-by-case basis. The current executive directors do not hold any external appointments with publicly quoted companies.

Statement of voting at the Annual General Meeting

The details of the voting on the resolutions at the AGM held on 20 July 2022 are set out below (full details of the voting results for each resolution are available on the Group's website: www.premierfoods.co.uk).

	Approval of Directors' Remuneration Report FY21/22	% of votes cast	Approval of the current Directors' Remuneration Policy	% of votes cast
Date of AGM	20 July 2022		12 August 2020	
Votes for	697,295,750	99.31%	569,672,002	96.65%
Votes against	4,844,276	0.69%	19,748,413	3.35%
Total votes cast	702,140,026	100%	589,420,415	100%
Votes withheld	93,086		229,811	

The Directors' Remuneration Report was approved by the Board on 18 May 2023 and signed on its behalf by:

Helen Jones
Remuneration Committee Chair

Other statutory information

Directors' report

The directors' report consists of pages 08 to 118 and has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, and the liabilities of directors in connection with that report shall be subject to the limitations and restrictions provided by such law. In the directors' report, references to the Company or Group, are references to Premier Foods plc and its subsidiaries.

The Directors' report is covered on pages 115 to 118, as well as in the following sections of this annual report:

Item	Location
Financial risk management	Note 19 to the financial statements
Current Board membership	Pages 72 and 73
Governance report	Pages 70 to 89
Strategic report	Pages 08 to 68
Risk management and viability statement	Pages 60 to 68
Employee engagement	Pages 14 and 15 and pages 34 and 35
Directors' remuneration report	Pages 90 to 114
Share capital	Note 23 of the Financial statements
Greenhouse gas emissions	Page 48
Enriching Life Plan	Pages 26 to 37
Enriching Life Plan disclosure Table	Pages 178 to 183

The following information, required by Listing Rule 9.8.R, is also incorporated into the Directors' report: Details of long-term incentive plans – see Director's remuneration report on pages 90 to 114.

Profit and dividends

The profit before tax for the financial year was £112.4m (FY21/22: profit of £102.6m) and the directors have proposed a final dividend of 1.44 pence per share for the financial period ended 1 April 2023 (FY21/22: 1.2 pence), representing a 20% increase on the prior year. Subject to shareholder approval, the final dividend will be payable on 28 July 2023 to shareholders on the register at the close of business on 30 June 2023.

Over the last few years, the Group has made significant progress in deleveraging the business and reducing Net debt (see KPIs on page 57); the increased strength of the business and successful delivery of its growth strategy has enabled the Company to reintroduce dividend payments in 2021, for the first time since 2008.

Research and development

Applied research and development work continues to be directed towards the introduction of new and improved products; the application of new technology to reduce unit and operating costs; and to improve service to customers. Total research and development spend (including capitalised development costs) was £14.6m (FY21/22: £11.4m).

Branches

Certain of the Group's activities are operated through overseas branches, which are established in a number of countries and are subject to the laws and regulations of those jurisdictions.

Share capital information

The Company's issued share capital, as at 1 April 2023, comprised 868,098,210 ordinary shares of 10p each. During the period, 5,312,933 ordinary shares were allotted to satisfy the vesting of awards made under the all-employee Sharesave Scheme and details of the movements can be found in note 23 on pages 166 and 167. All of the ordinary shares rank equally with respect to voting rights and the rights to receive dividends and distributions on winding up. In accordance with the Articles, there are no restrictions on share transfers, limitations on the holding of any class of shares or any requirement for prior approval of any transfer with the exception of certain officers and employees of the Company, who are required to seek prior approval to deal in the shares of the Company, and are prohibited from any such dealing during certain periods under the requirements of the Market Abuse Regulation.

Colleagues who hold shares under the Premier Foods plc Share Incentive Plan may instruct the trustee to vote on their behalf in respect of any general meeting.

The directors were granted authority at the 2022 AGM to allot relevant securities under two separate resolutions: (i) up to one-third of the Company's issued share capital; and (ii) up to two-thirds of the Company's issued share capital in connection with a rights issue. This authority will apply until the conclusion of the 2023 AGM. A similar authority will be sought from shareholders at the 2023 AGM. The Company does not currently have authority to purchase its own shares, and no such authority is being sought at the 2023 AGM.

Significant contracts – change of control

The Company has various borrowing arrangements, including a revolving credit facility and Senior Secured notes. These arrangements include customary provisions that may require any outstanding borrowings to be repaid and any outstanding notes to be repurchased upon a change of control of the Company. In addition, the Cadbury licensing agreement also includes a change of control provision, which could result in the agreement being terminated or renegotiated if the Company were to undergo a change of control in certain limited circumstances.

The Company's executive and all-employee share plans contain provisions, as a result of which options and awards may vest and become exercisable on a change of control in accordance with the plan rules.

Articles of association

The Company's Articles (which are available on the Group's website www.premierfoods.co.uk) may only be amended by a special resolution at a general meeting. Subject to the provisions of the statutes, the Company's Articles, and any directions given by special resolution, the directors may exercise all the powers of the Company.

Other statutory information

CONTINUED

Substantial shareholdings

Information provided to the Company pursuant to the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website. As at 18 May 2023, the Company has been notified of the following interests of 3% or more in the Company:

Shareholder	No. of ordinary shares[1]	% of share capital[2]
Nissin Foods Holdings Co., Ltd.	210,836,846	24.29
JPMorgan Asset Management Holdings Inc.[3]	44,559,230	5.13
Kempen Capital Management N.V.	42,810,000	4.93
M&G Plc	34,916,779	4.02

1 Number of shares held at date of notification.

2 Percentage of share capital as at 1 April 2023.

3 Held in the form of shares and as a total return swap.

Powers of directors

The powers of the directors are set out in the Company's Articles of Association and may be amended by way of a special resolution of the Company.

Director appointments

The Board has the power to appoint one or more additional directors. Under the Articles, any such director holds office until the next AGM when they are eligible for election. Shareholders may appoint, reappoint or remove directors by an ordinary resolution. In addition, the appointment of Yuichiro Kogo is subject to the terms of the Shareholder Relationship Agreement (see Conflicts of interest on page 76).

Directors' and officers' liability insurance

This insurance covers the directors and officers against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of the Company and in respect of damages resulting from the unsuccessful defence of any proceedings.

Access to external advice

Directors are allowed to take independent professional advice in the course of their duties. In addition, all directors have access to the advice and services of the Company Secretary. If any director were to have a concern over any unresolved business issue following professional advice, they are entitled to require the Company Secretary to minute that concern. Should they later resign over a concern, non-executive directors are asked to provide a written statement to the Chair for circulation to the Board.

Political donations

The Company's policy is not to make political donations and no such donations were made in the financial period.

Employment of people with disabilities

It is our policy to give full and fair consideration to applications for employment received from people with disabilities, having regard to their particular aptitudes and abilities. Wherever possible, we will continue the employment of, and arrange appropriate training for, employees who have become disabled during the period of their employment. We provide the same opportunities for training, career development and promotion for people with disabilities as for other colleagues.

Stakeholder engagement

Details of engagement with key stakeholders is provided on pages 79 to 81.

Colleague engagement

The Board and its committees receive regular updates on workforce matters, which include:

- Updates on key issues raised at Voice Forums, which have been established at sites across the business;
- Site-based pay negotiations;
- Results of periodic employee engagement exercises and action plans to address the issues raised; and
- All employee share schemes.

Additional feedback mechanisms, via the Board's Remuneration and Audit Committees, include:

- Understanding of remuneration arrangements for the workforce across the business;
- Updates on the management bonus scheme and pay arrangements for colleagues across the business; and
- Periodic reporting of issues raised via the Company's confidential whistleblowing helpline and management's response to them.

Further information on how we have engaged with employees during the financial period can be found in the following sections:

- Workforce Engagement NED: pages 74 and 75.
- Engaging with our stakeholders and Section 172(1) statement: pages 79 to 81.

Colleague communication

We continue to place a high degree of importance on communicating with colleagues, at all levels of the organisation, which is facilitated further by investment in this area, with large digital news screens at every site, our mobile-enabled intranet, a weekly news round-up email and posters.

We also video stream our colleague briefing sessions directly to all sites, in addition to cascading it through local briefings. We believe it is important to hear views from our colleagues in order to understand how the working environment can be improved. In our manufacturing sites, we have constructive relationships with our Trade Union colleagues, while at head office, we run 'Listening Groups' and 'Lunch and Learn' events.

Anti-corruption and anti-bribery

The Group has in place an Anti-Bribery and Corruption Policy and a code of conduct for third parties, which provide guidance for complying with anti-corruption laws. These are circulated to graded managers and those who operate in commercial roles, together with formal training and annual refreshers. Training covers, amongst other things, guidance on dealings with third parties, facilitation payments, gifts and hospitality, and charitable and political donations. We do not tolerate any form of bribery or corruption and expect all colleagues, business partners, suppliers, contractors, joint venture partners, customers, agents, distributors and other representatives to act in accordance with all laws and applicable Group policies. The current Anti-Bribery and Corruption Policy was approved by the Audit Committee in March 2021 and a summary is available on the Group's website.

Code of conduct and whistleblowing helpline

The Group is committed to ensuring that everyone who comes into contact with the business is treated with respect, and that their health, safety and basic human rights are protected and promoted. The Board has approved a code of conduct, which sets out the standards of behaviour all employees are expected to follow, and provides useful guidance to help colleagues when it comes to doing the right thing. The code was introduced in 2012 and is updated and reissued on a periodic basis. A copy of the code is included in the induction pack for new joiners and is available on the Group's intranet and corporate website. The code is made up of 10 key elements, including: acting honestly and complying with the law; competing fairly; food safety; and treating people fairly.

We also have a confidential whistleblowing call line to enable anyone who comes into contact with our business (whether colleagues, contractors, agency workers, customers, suppliers or distributors), to raise any concerns they have, which cannot be dealt with through the normal channels. Calls logged with the whistleblowing service are followed up promptly by the appropriate person within the business and the issues raised, and management's response, are reviewed by the Audit Committee. The Audit Committee also reviews the whistleblowing service, annually, and arranges for it to be refreshed and communicated to sites.

Modern Slavery

We are committed to tackling all forms of hidden labour exploitation, including slavery and human trafficking, and we ensure that all new members of the Procurement team receive specific training on modern slavery and trafficking as part of their induction. The training utilises both internal and external training resource materials and is tailored to raise awareness of the issues around modern slavery in supply chains and to empower team members to recognise and respond to indicators of human rights abuse. Our Modern Slavery Statement is reviewed and approved by the Board on an annual basis and is available to view on the Group's website.

Financial risk management

Details relating to financial risk management in relation to the use of financial instruments by the Group, can be found in note 19 of the financial statements.

Going concern and Viability Statement

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the next 12 months and, therefore, continue to adopt the going concern basis in preparing the consolidated financial statements. Further information on the basis of preparation is set out in note 2.1 on page 132. The Company's Viability Statement, where the directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 1 April 2028, is set out on pages 67 and 68.

Related parties

Details on related parties can be found in note 27 on page 168.

Subsequent events

Details relating to subsequent events can be found in note 30 on page 171.

Statement of directors' responsibilities

IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report for the 52 weeks ended 1 April 2023 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework' and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report for the 52 weeks ended 1 April 2023 and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of directors section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP ('PwC') has indicated its willingness to be appointed as auditors of the Company. Upon recommendation of the Audit Committee, the appointment of PwC and the setting of its remuneration will be proposed at the 2023 AGM.

The directors' report was approved by the Board on 18 May 2023 and signed on its behalf by:

Simon Rose
General Counsel and Company Secretary

companysecretary@premierfoods.co.uk

Financial Statements

IN THIS SECTION

Independent auditors' report

TO THE MEMBERS OF PREMIER FOODS PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Premier Foods plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 1 April 2023 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report for the 52 weeks ended 1 April 2023 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 1 April 2023; the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5.2 to the consolidated financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Audit procedures provide coverage of 99% of revenue and 97% of absolute profit before taxation.
- Audit procedures performed over 5 full scope components.
- Financially significant components were Premier Foods Group Limited and Premier Foods Group Services Limited.

Key audit matters

- Valuation of pension liabilities and complex pension assets (group)
- Accounting for commercial arrangements (group)
- Fair value accounting associated with the Spice Tailor acquisition (group)
- Recoverability of investment in, and amounts owed by, group undertakings (company)

Materiality

- Overall group materiality: £5,650,000 based on approximately 5% of profit before taxation).
- Overall company materiality: £3,000,000 based on 1% of total assets.
- Performance materiality: £4,237,000 (group) and £2,250,000 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of pension liabilities and complex pension assets (group)	
As set out in note 14, the group had £765.5m (2022: £944.9m) of net retirement benefit assets as at 1 April 2023 in relation to defined benefit pension schemes. These primarily represent the RHM Schemes with a net asset position of £948.3m (2022: net asset of £1,138.8m) and the Premier Schemes with a net retirement benefit obligation of £182.8m (2022: net obligation of £193.9m). The group uses third party actuaries to calculate the present value of the pension scheme obligations. The valuation of these obligations is based on a number of assumptions and the calculation is highly sensitive to small changes in the assumptions. For instance, changes in inflation, mortality assumptions and the discount rate can have a significant impact on the valuation of the obligation recorded. The pension scheme assets also contains level 3 and other complex assets (complex Pooled Investment Vehicles where assets are not traded on Recognised Investment Exchanges (RIE)) totalling £2,372.0m as at 1 April 2023, which are complex in nature to value and therefore we deem there to be a risk with respect to the valuation of these assets.	In order to audit the identified risks: • We obtained and reviewed the external actuarial reports of the RHM and Premier schemes which set out the calculations and assumptions underpinning the period end pension scheme obligation valuation. • We held discussions with the external actuaries to understand their approach to calculating the pension obligation. This included understanding their assumptions setting process and an explanation of the model they use to calculate the obligation to satisfy ourselves that the approach they adopt is reasonable for us to be able to place reliance on their report. • We assessed the competency and objectivity of the external actuaries to perform the period end calculations by considering their technical expertise and independence from the group. • We used our own specialist actuarial team to evaluate the key assumptions used in each of the schemes by comparing these assumptions to our expectations for similar schemes as at the year end. • With respect to the level 3 and other more complex assets, we tested values through a combination of the following procedures: reviewed audited accounts of pooled investment vehicles; reviewed internal control reports of the service provider responsible for the valuation of the fund, including obtaining bridging letters where the control report does not cover the current financial period of Premier Foods plc; obtained fund transactions close to the period end (where available), and obtained third party confirmation from the investment managers. • We assessed the adequacy of the related disclosures within the financial statements, including note 3.1 on the significant accounting estimates involved in Employee benefits and note 14. We noted no material exceptions from the above audit procedures.

Key audit matter	How our audit addressed the key audit matter
Accounting for commercial arrangements (group)	
The group has various types of commercial arrangements in place with customers, offering promotions and discounts. The arrangements vary in nature and therefore there is the risk that the arrangements are not appropriately accounted for which would result in revenue being misstated as revenue is recognised net of the outflows from these arrangements. Some of the arrangements are subject to a higher degree of estimation, for instance when it is dependent on the customer achieving a growth target and the contract-period is not co-terminus with the group's financial period. This requires the directors to recognise an estimate of the accrual related to in period promotional activity which remains unsettled at the group's period end. There is a risk related to uncertainty arising from estimating the sales volumes attributable to each arrangement, or estimating the final expected settlement, which could vary based on subsequent commercial negotiations. The unsettled liability from these arrangements as at 1 April 2023 was £67.5m (as at 2 April 2022: £75.1m) as set out in note 18.	In order to assess the identified risks we: • Understood the different types of arrangements in place with customers, including the nature of the agreements and the level of estimation involved in accounting for each type of arrangement. • Understood and evaluated the processes and controls in relation to the recognition of commercial arrangements, including the approval process. • Performed a lookback test on the prior period commercial accruals balance compared to the actual amounts subsequently settled. • Audited the commercial arrangements recognised in the period to supporting documentation such as contracts, correspondence with customers, invoices and cash. We also obtained and considered the reasonableness of the rationale for releases, where applicable. • Validated a sample of rebates settled one month post period end to check if any related to FY23 but had not been appropriately accrued in the period. • Performed flux analyses over the commercial accrual balance for i) one month post period end (comparing the balance at 30 April 2023 to the period end date) and ii) period on period (comparing the balance at 1 April 2023 to the prior period end date of 2 April 2022) with a view to corroborating the completeness of the commercial arrangements recognised and any significant variances that required investigation. • Issued external confirmations to a sample of customers requesting confirmation of the commercial arrangements in place at both the FY23 interim and period end dates. • Performed customer store visits and checked online vendors to identify products on promotion at the period end date, and traced the promotions identified to the group's period end commercial arrangement records. • We assessed the adequacy of the related disclosures within the financial statements. We noted no material exceptions from the above procedures

Key audit matter	How our audit addressed the key audit matter
Fair value accounting associated with the Spice Tailor acquisition (group)	
As set out in note 28, the group completed the acquisition of the Spice Tailor business on 31 August 2022 for an initial consideration of £44.5m. The valuation of assets acquired and liabilities assumed is complex and requires significant judgement in applying forecasts and assumptions made by management. The principal risk relates to the estimates of the fair values of the identifiable assets and liabilities assumed together with the deferred taxes on acquisition in preparing the purchase price allocation. Given the extent of the judgment in valuing these assets and obligations, we believe that the fair value calculation carries significant risk of material misstatement. Management determined the fair values of the assets acquired and liabilities assumed under IFRS 3 with its own external expert.	Our procedures included the following: • Assessing the business processes and controls related to the purchase price allocation. • Reviewing the purchase agreement with a focus on unusual terms and conditions and more complex forms of consideration. • Comparing the identified assets and liabilities with other sources of information, such as board presentations, that might suggest omitted items. • Obtaining the report prepared by management's expert used to value certain of the acquired assets and utilising our own specialists to assess the valuation techniques, assumptions and source data, used to determine these fair values. • Evaluating the allocation of the purchase price to the relative fair values of the assets and liabilities acquired. • We assessed the adequacy of the related disclosures within the financial statements. Based on the procedures performed, we noted no material exceptions from our work.
Recoverability of investment in, and amounts owed by, group undertakings (company)	
As disclosed in notes 4 and 5 of the company's financial statements, the company held an investment in group undertakings of £1,117.8m (2022: £1,114.8m) and amounts owed by group undertakings of £62.0m (2022: £27.7m) at 1 April 2023. The assessment of the recoverability of these assets required the application of management judgement in assessing whether the carrying value of each investment and amounts owed by group undertakings are recoverable. As the amounts are material, changes to the judgements and estimation made by management could have a material impact on the company's financial statements and hence we consider this to be a key audit matter.	Our procedures included the following: • Assessing the recoverable value by reference to the net assets of the underlying subsidiaries and amounts owed by group undertakings with reference to the directors' intentions for the settlement of group-wide intercompany balances. • Assessing the impact of climate change included in management's cashflow forecast. • Comparing the market capitalisation of the group to the total of the company's non-current and current assets. • Verifying that the recoverable values of the investment were consistent with the recoverable value of the CGUs tested for goodwill impairment purposes, leveraging the audit work undertaken as part of the group audit. Based on the procedures performed, we noted no material issues from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

As set out in note 4 'Segmental analysis', the group has two reportable segments: 'Grocery' (which includes the grocery and international divisions) and 'Sweet Treats'. The group's financial statements are a consolidation of reporting units, being holding companies, intermediate holding companies and operating companies mostly in the United Kingdom. Two reporting units, being Premier Foods Group Limited and Premier Foods Group Services Limited, account for a significant portion of the group's results. We accordingly focused our work on these two reporting units, which were subject to audits of their complete financial information. In addition, to increase our coverage of the group's balance sheet and certain profit or loss financial statement line items we performed full scope audit procedures at an additional three reporting units all located in the UK. These components accounted for 99% of the group's revenue and 97% of the group's absolute profit before taxation.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process management has adopted to assess the extent of the potential impact of climate risk on the group's financial statements and support the disclosures made within the Taskforce on Climate-related Financial Disclosures (TCFD). In addition to enquiries with management, we also understood the governance processes in place to assess climate risk. We challenged the completeness of management's climate risk assessment by comparing this to assessments performed by other groups for completeness and reading the group's website/communications to ensure details of climate related impacts communicated to shareholders have been included. Management considers that climate risk does not give rise to a potential material financial statement impact. We considered impairment of non-current assets, especially impairment of goodwill and intangible assets, as the area to potentially be materially impacted by climate risk and consequently we focused our audit work in this area. To respond to the audit risks identified in this area we tailored our audit approach to address these, in particular, we challenged management on how the impact of climate commitments made by the group would impact the assumptions within the discounted cash flows prepared by management that are used in the group's impairment analysis. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the TCFD section) within the Annual Report with the financial statements and our knowledge obtained from our audit. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the period ended 1 April 2023.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£5,650,000.	£3,000,000.
How we determined it	approximately 5% of profit before taxation)	1% of total assets
Rationale for benchmark applied	We believe that profit before taxation is a key metric for investors and is used by the Board in measuring the Group's financial performance.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the company, and is a generally accepted benchmark. The value is capped for the purpose of the Group audit with reference to Group materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £3,000,000 to 5,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £4,237,000 for the group financial statements and £2,250,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £282,000 (group audit) and £150,000 (company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's Board-approved strategic plan for the five year period ended 31 March 2028. We held discussions with management to understand the budgeting process and the key assumptions made in the forecasting processes;
- Performed a comparison of the cash flow forecasts used in the going concern assessment to those in the strategic plan and, where applicable, compared these forecasts for consistency to those used elsewhere in the business, including for impairment assessments;
- Assessing whether the stress testing performed by management appropriately considered the principal risks facing the business, and were adequate;
- Using our understanding of the business and our knowledge from the audit we calculated sensitivities to apply to management's cash flow forecasts, these procedures confirmed significant headroom in management's forecasts when performing severe but plausible sensitivities;
- Evaluating the feasibility of management's mitigating actions in response to the severe stress testing scenarios; and
- Assessing the adequacy of disclosures in the "Basis for preparation of financial statements on a going concern basis" include in note 2.1 and found these appropriately reflect our understanding of the process undertaken and the conclusion reached.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 1 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the directors to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental, health and safety and competition regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK corporation tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to materially misstate the financial statements and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management at multiple levels across the business, internal audit and the Group's legal counsel throughout the year, as well as at year end. These discussions have included consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the fair value accounting associated with the Spice Tailor acquisition, the completeness and accuracy of the accounting for commercial arrangements, the valuation of defined benefit scheme obligations and assets and the valuation of the investment in subsidiaries;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations (for example credit to revenue with a debit entry to an unexpected account) or journals posted by senior management; and
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 23 August 2022 to audit the financial statements for the period ended 1 April 2023 and subsequent financial periods. This is therefore our first period of uninterrupted engagement.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Richard Porter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 May 2023

Consolidated statement of profit or loss

	Note	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Revenue	4	**1,006.4**	900.5
Cost of sales		**(648.2)**	(573.4)
Gross profit		**358.2**	327.1
Selling, marketing and distribution costs		**(142.0)**	(133.4)
Administrative costs		**(87.8)**	(62.6)
Other income	6	**3.8**	–
Operating profit	4, 5	**132.2**	131.1
Finance cost	8	**(21.7)**	(29.0)
Finance income	8	**1.9**	0.5
Profit before taxation		**112.4**	102.6
Taxation	9	**(20.8)**	(25.1)
Profit for the period attributable to owners of the parent		**91.6**	77.5
Earnings per share (pence)			
Basic	10	**10.6**	9.0
Diluted	10	**10.4**	8.8

Consolidated statement of comprehensive income

	Note	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Profit for the period		**91.6**	77.5
Other comprehensive income, net of tax			
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit schemes	14	**(245.6)**	357.3
Deferred tax credit/(charge)	9	**52.7**	(114.2)
Current tax credit	9	**7.2**	6.4
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation		**0.6**	(0.4)
Other comprehensive income, net of tax		**(185.1)**	249.1
Total comprehensive income attributable to owners of the parent		**(93.5)**	326.6

The notes on pages 132 to 171 form an integral part of the consolidated financial statements.

Consolidated balance sheet

	Note	As at 1 April 2023 £m	As at 2 April 2022 £m
ASSETS:			
Non-current assets			
Property, plant and equipment	11	**185.9**	190.9
Goodwill	12	**680.3**	646.0
Other intangible assets	13	**294.4**	293.5
Deferred tax assets	9	**22.4**	23.1
Net retirement benefit assets	14	**960.1**	1,148.7
		2,143.1	2,302.2
Current assets			
Inventories	15	**93.7**	78.1
Trade and other receivables	16	**103.9**	96.5
Cash and cash equivalents	17	**64.4**	54.3
Derivative financial instruments	19	**0.8**	2.4
		262.8	231.3
Total assets		**2,405.9**	2,533.5
LIABILITIES:			
Current liabilities			
Trade and other payables	18	**(255.4)**	(254.0)
Financial liabilities			
– short-term borrowings	20	**(1.0)**	–
– derivative financial instruments	19	**(0.5)**	(0.3)
Lease liabilities	20	**(2.1)**	(2.1)
Provisions for liabilities and charges	21	**(13.3)**	(2.3)
		(272.3)	(258.7)
Non-current liabilities			
Long-term borrowings	20	**(324.4)**	(323.2)
Lease liabilities	20	**(11.2)**	(14.0)
Net retirement benefit obligations	14	**(194.6)**	(203.8)
Provisions for liabilities and charges	21	**(6.6)**	(8.3)
Deferred tax liabilities	9	**(177.9)**	(212.9)
Other liabilities	22	**(12.9)**	(5.7)
		(727.6)	(767.9)
Total liabilities		**(999.9)**	(1,026.6)
Net assets		**1,406.0**	1,506.9
EQUITY:			
Capital and reserves			
Share capital	23	**86.8**	86.3
Share premium	23	**2.5**	1.5
Merger reserve	23	**351.7**	351.7
Other reserves	23	**(9.3)**	(9.3)
Retained earnings	23	**974.3**	1,076.7
Total equity		**1,406.0**	1,506.9

The notes on pages 132 to 171 form an integral part of the consolidated financial statements.

The financial statements on pages 128 to 171 were approved by the Board of directors on 18 May 2023 and signed on its behalf by:

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Consolidated statement of cash flows

	Note	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Cash generated from operations	17	**108.3**	110.9
Interest paid		**(20.4)**	(21.2)
Interest received		**0.8**	0.4
Taxation paid		**(1.5)**	–
Cash generated from operating activities		**87.2**	90.1
Acquisition of subsidiaries, net of cash acquired	28	**(43.8)**	–
Purchases of property, plant and equipment		**(15.5)**	(19.5)
Purchases of intangible assets		**(4.5)**	(3.7)
Cash used in investing activities		**(63.8)**	(23.2)
Repayment of borrowings		**–**	(320.0)
Proceeds from borrowings		**–**	330.0
Principal element of lease payments		**(2.3)**	(3.3)
Financing fees[1]		**(0.7)**	(8.5)
Early redemption fee[1]		**–**	(4.7)
Dividends paid	24	**(10.3)**	(8.5)
Purchase of shares to satisfy share awards		**(2.5)**	(0.4)
Proceeds from share issue		**1.5**	1.7
Cash used in financing activities		**(14.3)**	(13.7)
Net increase in cash and cash equivalents		**9.1**	53.2
Cash, cash equivalents and bank overdrafts at beginning of period		**54.3**	1.1
Cash, cash equivalents and bank overdrafts at end of period[2]	17	**63.4**	54.3

1 Financing fees in the prior period relate to payments made as part of the refinancing of the Group's debt in June 2021. See note 20 for further details.

2 Cash and cash equivalents of £63.4m (2021/22: £54.3m) includes bank overdraft of £1.0m (2021/22: £nil) and cash and bank deposits of £64.4m (2021/22: £54.3m). See notes 17 and 20 for more details.

The notes on pages 132 to 171 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings[1] £m	Total equity £m
At 4 April 2021		85.5	0.6	351.7	(9.3)	755.1	1,183.6
Profit for the period		–	–	–	–	77.5	77.5
Remeasurements of defined benefit schemes	14	–	–	–	–	357.3	357.3
Deferred tax charge	9	–	–	–	–	(114.2)	(114.2)
Current tax credit	9	–	–	–	–	6.4	6.4
Exchange differences on translation		–	–	–	–	(0.4)	(0.4)
Other comprehensive income		–	–	–	–	249.1	249.1
Total comprehensive income		–	–	–	–	326.6	326.6
Shares issued	23	0.8	0.9	–	–	–	1.7
Share-based payments	23	–	–	–	–	3.4	3.4
Purchase of shares to satisfy share awards	23	–	–	–	–	(0.4)	(0.4)
Deferred tax movements on share-based payments	9	–	–	–	–	0.5	0.5
Dividends	24	–	–	–	–	(8.5)	(8.5)
At 2 April 2022		86.3	1.5	351.7	(9.3)	1,076.7	1,506.9
At 3 April 2022		**86.3**	**1.5**	**351.7**	**(9.3)**	**1,076.7**	**1,506.9**
Profit for the period		**–**	**–**	**–**	**–**	**91.6**	**91.6**
Remeasurements of defined benefit schemes	14	**–**	**–**	**–**	**–**	**(245.6)**	**(245.6)**
Deferred tax charge	9	**–**	**–**	**–**	**–**	**52.7**	**52.7**
Current tax credit	9	**–**	**–**	**–**	**–**	**7.2**	**7.2**
Exchange differences on translation		**–**	**–**	**–**	**–**	**0.6**	**0.6**
Other comprehensive income		**–**	**–**	**–**	**–**	**(185.1)**	**(185.1)**
Total comprehensive income		**–**	**–**	**–**	**–**	**(93.5)**	**(93.5)**
Shares issued	23	**0.5**	**1.0**	**–**	**–**	**–**	**1.5**
Share-based payments	23	**–**	**–**	**–**	**–**	**4.6**	**4.6**
Purchase of shares to satisfy share awards	23	**–**	**–**	**–**	**–**	**(2.5)**	**(2.5)**
Deferred tax movements on share-based payments	9	**–**	**–**	**–**	**–**	**(0.7)**	**(0.7)**
Dividends	24	**–**	**–**	**–**	**–**	**(10.3)**	**(10.3)**
At 1 April 2023		**86.8**	**2.5**	**351.7**	**(9.3)**	**974.3**	**1,406.0**

1 Included in Retained earnings at 1 April 2023 is £3.4m in relation to cumulative translation losses (2020/21: £3.3m loss, 2021/22: £3.7m loss).

The notes on pages 132 to 171 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Premier Foods plc (the 'Company') is a public limited company incorporated in the United Kingdom and domiciled in England, registered number 05160050, with its registered address at Premier House, Centrium Business Park, Griffiths Way, St Albans, Hertfordshire AL1 2RE. The principal activity of the Company and its subsidiaries (the 'Group') is the manufacture and distribution of branded and own label food products. Copies of the annual report and accounts are available on our website: www.premierfoods.co.uk/investors/results-centre.

These Group consolidated financial statements were authorised for issue by the Board of directors on 18 May 2023.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These Group financial statements were prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. All amounts are presented to the nearest £0.1m, unless otherwise indicated. They are prepared on a going concern basis and under the historical cost basis, except for certain financial instruments and pension assets that have been measured at fair value.

The statutory accounting period is the 52 weeks from 3 April 2022 to 1 April 2023 and comparative results are for the 52 weeks from 4 April 2021 to 2 April 2022. All references to the 'period', unless otherwise stated, are for the 52 weeks ended 1 April 2023 and the comparative period, 52 weeks ended 2 April 2022.

The preparation of financial statements in conformity with UK-adopted IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The following accounting standards and interpretations, issued by the International Accounting Standards Board ('IASB'), effective for periods on or after 1 January 2022, have been endorsed:

International Financial Reporting Standards

Amendments to IFRS 3	Business Combinations
Amendments to IAS 16	Property, Plant and Equipment
Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets

The following standards and amendments to published standards, effective for periods on or after 1 January 2023, have been endorsed:

International Financial Reporting Standards

Amendments to IAS 1	Presentation of Financial Statements
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors
Amendments to IAS 12	Income Taxes
IFRS 17	Insurance Contracts

The Group has considered the new or revised standards above and concluded that either they are not relevant to the Group or would not have a material impact on the financial statements of the Group.

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 20. 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 1 October 2022 and 1 April 2023.

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

At 1 April 2023 the Group had total assets less current liabilities of £2,133.6m, net current liabilities of £9.5m and net assets of £1,406.0m. Liquidity as at that date was £245.4m, made up of cash and cash equivalents, and undrawn committed credit facilities of £175m expiring between May 2025 and 2026. The covenants linked to the facilities are shown in note 20 of the financial statements. At the time of the approval of this report, the cash and liquidity position of the group has not changed significantly.

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

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

The Directors, after reviewing financial forecasts and financing arrangements, have a reasonable expectation that the Group has adequate resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis (in accordance with the guidance 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC) in preparing its consolidated financial statements.

Climate change

The Group has considered the impact of both physical and transitional climate change risks on the financial statements of the Group. The Group does not consider there to be a material impact on the valuation of the Group's assets or liabilities, including useful economic life of property, plant and equipment, or on any significant accounting estimates or judgements. See note 14 for further details on how the trustee of the Group's pension scheme plans to integrate climate change considerations into their investment strategy. The Group will continue to monitor the impact on valuations of assets and liabilities as government policy evolves.

The impact of climate change has been considered in the projected cash flows used for impairment testing where the material risks identified in the TCFD statement, see page 38, have been modelled in the severe but plausible scenario for going concern and viability.

2.2 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements include the financial statements of Premier Foods plc and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed to or has rights to variable returns from involvement with an investee and has the ability to affect those returns through its power over the investee.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Revenue

Revenue comprises the invoiced value for the sale of goods net of sales rebates, discounts, value added tax and other taxes directly attributable to revenue and after eliminating sales within the Group. Revenue is recognised when the Group transfers control of products over to the customer. Transaction price per case is pre agreed per the price list with any discount related to an individual customer-run promotional agreed in advance. Long-term discounts and rebates are part of a commercial arrangement and the Group uses actual and forecast sales to estimate the level of discount or rebate. The Group uses the 'most likely amount' method to estimate the value of the variable consideration. Revenue is recognised on the following basis:

(i) Sale of goods

Sales of goods are recognised as revenue when a customer gains control of the goods, which typically coincides with the time when the merchandise is delivered to customers and title passes.

(ii) Sales rebates and discounts

Sales related discounts comprise:

- Long-term discounts and rebates, which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth.
- Short-term promotional discounts, which are directly related to promotions run by customers.

Sales rebates and discount accruals are treated as a reduction in the transaction price and are established at the time of sale based on management's best estimate of the amounts necessary to meet claims by the Group's customers in respect of these rebates and discounts and are reviewed for appropriateness at each reporting date. Accruals are made for each individual promotion or rebate arrangement and are based on the type and length of promotion and nature of customer agreement. At the time an accrual is made the nature and timing of the promotion is typically known. Accumulated experience is used to estimate and provide for rebates and discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

2. Accounting policies CONTINUED

(iii) Commercial income

Commercial income received from suppliers through rebates and discounts is recognised within cost of sales over the period(s) to which the underlying contract or agreement relates. Accrued income is recognised for rebates on contracts covering the current period, for which no cash was received at the balance sheet date. Deferred income is recognised for rebates that were received from suppliers at the balance sheet date but relate to contracts covering future periods.

2.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for allocating resources and assessing performance of the operating segments. See note 4 for further details.

2.5 Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

The results of overseas subsidiaries with functional currencies other than in sterling are translated into sterling at the closing rate of exchange ruling in the period. The balance sheets of overseas subsidiaries are translated into sterling at the closing rate. Exchange differences arising from retranslation at the period end exchange rates of the net investment in foreign subsidiaries are recorded as a separate component of equity in reserves. All other exchange gains or losses are recorded in the statement of profit or loss.

2.6 Dividends

Dividend distributions to shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders, and for interim dividends in the period in which they are paid.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents and bank overdrafts are offset where there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

Bank overdrafts which are not offset and that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.8 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

PPE is initially recorded at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Subsequent expenditure is added to the carrying value of the asset when it is probable that incremental future economic benefits will transfer to the Group. All other subsequent expenditure is expensed in the period it is incurred.

Differences between the cost of each item of PPE and its estimated residual value are written off over the estimated useful life of the asset using the straight-line method. Reviews of the estimated remaining useful lives and residual values of individual productive assets are performed annually, taking account of commercial and technological obsolescence as well as normal wear and tear. Freehold land is not depreciated. The useful economic lives of owned assets range from 15 to 50 years for buildings, 5 to 30 years for plant and equipment and 10 years for vehicles.

All items of PPE are reviewed for impairment when there are indications that the carrying value may not be fully recoverable.

Assets under construction represent the amount of expenditure recognised in the course of an asset's construction. Directly attributable costs that are capitalised as part of PPE include employee costs and an appropriate portion of relevant overheads. Depreciation of an asset is recognised from the time it is available for use. The difference between the carrying value of disposed assets and the net disposal proceeds is recognised in profit or loss.

2.9 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In addition to goodwill, the Group recognises the following intangible assets:

Acquired intangible assets

Acquired brands and licences that are controlled through custody or legal rights and that could be sold separately from the rest of the business are capitalised, where fair value can be reliably measured. All these assets are considered to have finite lives and are amortised on a straight-line basis over their estimated useful economic lives that range from 15 to 40 years for brands and 10 years for licences.

Software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the project or process is technically and commercially feasible. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Software development costs are amortised over their estimated useful lives on a straight-line basis over a range of 3 to 10 years.

The useful economic lives of intangible assets are determined based on a review of a combination of factors including the asset ownership rights acquired and the nature of the overall product life cycle. Reviews of the estimated remaining useful lives and residual values of individual intangible assets are performed annually.

Cloud computing arrangements

Licences to use cloud based software are only capitalised if the Group has both the contractual right to take possession of the software without significant penalty and the ability to run the software independently from the original supplier. All other cloud computing arrangements are treated as service contracts and charged to the statement of profit or loss over the term of the contract.

Costs to configure or customise software under a cloud computing arrangement are charged to the statement of profit or loss alongside the related service contract, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

Research

Expenditure on research activities is charged to the statement of profit or loss in the period in which it is incurred.

2.10 Impairment

The carrying values of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at least annually to determine whether there is an indication of impairment. For goodwill and other intangible assets with indefinite useful lives, the recoverable amount is estimated each year at the same time. Assets that are subject to amortisation are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets, other than goodwill, that have suffered an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

Where an indication of impairment exists, the recoverable amount is estimated based on the greater of its value in use and its fair value less costs to sell. In assessing the fair value less costs to sell, the market approach is often used to derive market multiples from a set of comparative assets.

The Group reviews its identified CGUs for the purposes of testing goodwill on an annual basis, taking into consideration whether assets generate independent cash inflows. The recoverable amounts of CGUs are determined based on the higher of fair value less costs of disposal and value in use calculations. These calculations require the use of estimates.

Impairment losses are recognised in the statement of profit or loss in the period in which they occur.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets.

2.11 Finance cost and income

Finance cost

Borrowing costs are accounted for on an accruals basis in the statement of profit or loss using the effective interest method.

Finance income

Finance income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable, taking into consideration the interest element of derivatives.

2.12 Leases

Lease recognition

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases of properties in which the Group is a lessee, it has applied the practical expedient permitted by IFRS 16 and will account for each lease component and any associated non-lease components as a single lease component.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease. Right of use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right of use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right of use assets are subject to and reviewed regularly for impairment. Depreciation on right of use assets is predominantly recognised in cost of sales and administration costs in the consolidated statement of profit and loss.

2. Accounting policies CONTINUED

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed and variable lease payments that depend on an index or rate less any lease incentives receivable. Any variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Generally, the Group uses its incremental borrowing rate as the discount rate.

After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in the fixed lease payments. Interest charges are included in finance costs in the consolidated statement of profit and loss and included in interest paid within cash flows from operating activities. Payments for the principal element of lease liabilities are presented within cash flows from financing activities.

Short-term leases and leases of low-value items

The Group has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of less than 12 months and leases of low-value assets. Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Where appropriate, cost includes production and other attributable overhead expenses as described in IAS 2 Inventories. Cost is calculated on a first-in, first-out basis by reference to the invoiced value of supplies and attributable costs of bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

All inventories are reduced to net realisable value where this is lower than cost.

A provision is made for slow moving, obsolete and defective inventory where appropriate.

2.14 Taxation

Income tax on the profit or loss for the period comprises current and deferred tax.

Current tax

Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in other comprehensive income (‘OCI’) in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation is not provided on the initial recognition of an asset or liability in a transaction, other than in a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

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.

The measurement of deferred tax assets and liabilities reflect the directors’ intention regarding the manner of recovery of an asset or settlement of a liability.

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. In the spring budget of 2021, the corporation tax rate increased from the current 19% to 25% starting April 2023. Corporation tax at 25% (19% until March 2023) would apply for any surplus expected to unwind over the life of the scheme. Therefore, deferred tax movements have been measured at 25%.

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

When assessing whether the recognition of a deferred tax asset can be justified, and if so at what level, the directors take into account the following:

- 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 of the amounts recognised (and unrecognised) are contained within note 9.

2.15 Employee benefits

Group companies provide a number of long-term employee benefit arrangements, primarily through pension schemes. The Group has both defined benefit and defined contribution schemes.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation.

The liability or surplus recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for remeasurement and past service costs. Defined benefit obligations are calculated using assumptions determined by the Group with the assistance of independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the period in which they arise.

Past service costs, administration costs, and the net interest on the net defined benefit liability or surplus are recognised immediately in the statement of profit or loss.

Curtailments are recognised as a past service cost when the Group makes a significant reduction in the number of employees covered by a plan or amends the terms of a defined benefit plan so that a significant element of future service by current employees no longer qualifies for amended benefits.

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 information. The trustees of the schemes have integrated climate change considerations into their long-term decision making and reporting processes. See note 14 for further details.

To the extent a surplus arises under IAS 19, the Group ensures that it can recognise the associated asset in line with IFRIC 14 with no restrictions. There are no restrictions on the current realisability of the surplus.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the period and contributions actually paid are recognised as either accruals or prepayments in the balance sheet.

2.16 Share-based payments

The Group operates a number of equity-settled share-based compensation plans. The fair value of employee share option plans is calculated using an option valuation model, taking into account the terms and conditions upon which the awards were granted. In accordance with International Financial Reporting Standard 2, Share-Based Payment ('IFRS 2'), the resulting expense is charged to the profit and loss account over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards/options granted, adjusted where required for the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Market conditions are included in assumptions about the number of share awards/options that are expected to vest which is factored into the grant date fair value for awards with these conditions attached.

At each balance sheet date, the Group revises its estimates of the number of share awards/options that are expected to vest (for those with non-market conditions) and recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

2. Accounting policies CONTINUED

2.17 Provisions

Provisions (for example property exit costs) are recognised when the Group has present legal or constructive obligations as a result of past events, that can be reliably measured, and it is probable that an outflow of resources will be required to settle the obligation. Where material, the Group discounts its provisions using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

2.18 Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are initially measured at the transaction price and at the point of recognition an expected credit loss is recognised to reflect the future risk of default. Trade receivables are subsequently measured at amortised cost less any additional, specific provisions for impairment. A specific provision is made for impairment when there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables. Trade and other receivables are written off when the Group has no reasonable expectation of recovering the amounts due.

Trade and other receivables are discounted when the time value of money is considered material. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit losses adjusted to reflect current and forward-looking information on economic factors affecting the ability of the customers to settle the receivables. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group has certain trade receivables which are subject to a trade receivable purchase arrangement under a non-recourse facility. Trade receivables that are sold without recourse are de-recognised when the risks and rewards of the receivables have been fully transferred to the facility provider. The risks and rewards of the receivables are considered to be fully transferred on receipt of proceeds from the facility provider to settle the debtor. The facility provider has no recourse to the Group in the event of non-payment by the debtor once the proceeds have been received from the facility provider. The associated interest is recognised as interest expense in the income statement.

Bank borrowings

Interest-bearing bank loans and overdrafts are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs and inclusive of debt issuance costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. Trade payables and other liabilities are discounted when the time value of money is considered material.

Equity instruments

Equity instruments issued by the Company are recorded at the amount of the proceeds received, net of directly attributable issue costs.

Deferred contingent consideration

Liabilities for deferred contingent consideration arising on a business combination are measured at fair value and remeasured at each reporting date. Any changes in the fair value of deferred contingent consideration are recognised immediately in profit or loss.

2.19 Business Combinations

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

3. Significant estimates and judgements

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

Significant accounting estimates

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

3.1 Employee benefits

The present value of the Group's defined benefit pension obligations depends on a number of actuarial assumptions. The primary assumptions used include the discount rate applicable to scheme liabilities, the long-term rate of inflation and estimates of the mortality applicable to scheme members. Each of the underlying assumptions is set out in more detail in note 14.

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

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

Where pensions asset valuations were not available at the reporting date, as is usual practice, valuations at 31 December 2022 are rolled forward for cash movements to end of March 2023 to estimate the valuations for these assets. This approach is principally relevant for Infrastructure Funds, Private Equity, Absolute Return Products, Property Assets, Illiquid Credits and Global Credits. Management have reviewed the individual investments to establish where valuations are not expected to be available for inclusion in these financial statements, movements in the most comparable indexes have then been applied to these investments at a category level to establish any potential estimation uncertainty within the results.

3.2 Goodwill

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

The Group has considered the impact of the assumptions used on the calculations and has conducted sensitivity analysis on the value in use calculations of the CGUs carrying values for the purposes of testing goodwill. See note 12 for further details.

3.3 Commercial arrangements

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

For short-term promotions, the Group performs a true up of estimates where necessary on a monthly basis, using real time customer sales information where possible and finally on receipt of a customer claim which typically follows 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. If the Commercial accruals balance moved by 5% in either direction this would have an impact of £3.4m.

Judgements

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

3.4 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.

4. Segmental analysis

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

The Group's operating segments are defined as 'Grocery', 'Sweet Treats', and 'International'. The CODM reviews the performance by operating segments. The Grocery segment primarily sells savoury ambient food products and the Sweet Treats segment sells primarily sweet ambient food products. The International segment has been aggregated within the Grocery segment for reporting purposes as revenue is below 10% of the Group's total revenue and the segment is considered to have similar characteristics to that of Grocery as identified in IFRS 8. There has been no change to the segments during the period.

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

The Group uses trading profit to review overall Group profitability. Trading profit is defined as pre-tax profit/loss before net finance costs, amortisation of intangible assets, fair value movements on foreign exchange and other derivative contracts, net interest on pensions and administrative expenses, and any material items that require separate disclosure by virtue of their nature in order that users of the financial statements obtain a clear and consistent view of the Group's underlying trading performance.

The segment results for the period ended 1 April 2023 and for the period ended 2 April 2022 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial statements are as follows:

	52 weeks ended 1 April 2023			52 weeks ended 2 April 2022		
	Grocery £m	Sweet Treats £m	Total £m	Grocery £m	Sweet Treats £m	Total £m
External revenues	746.8	259.6	1,006.4	647.7	252.8	900.5
Divisional contribution	189.2	27.0	216.2	160.2	33.4	193.6
Group and corporate costs[1]			(62.5)			(52.4)
Other income			3.8			–
Trading profit[1]			157.5			141.2
Amortisation of brand assets			(20.7)			(19.9)
Fair value movements on foreign exchange and other derivative contracts[2]			(1.8)			4.4
Net interest on pensions and administrative expenses			17.7			4.2
Non-trading items:						
– GMP equalisation charge			–			(0.3)
– Impairment of fixed assets[3]			(3.6)			–
– Restructuring costs[4]			(11.1)			–
– Other non-trading items[5]			(5.8)			1.5
Operating profit			132.2			131.1
Finance cost			(21.7)			(29.0)
Finance income			1.9			0.5
Profit before taxation			112.4			102.6
Depreciation[6]	(11.9)	(8.0)	(19.9)	(11.2)	(8.0)	(19.2)

1 The definition of Trading Profit has been changed from 2022/23, amortisation of software is included within 'Group and corporate costs' from the current year. 2021/22 Trading Profit has been re-presented in line with the revised definition.

2 The loss of £1.8m (2021/22: gain of £4.4m) reflects changes in fair value rate during the 52-week period and movement in nominal value of the instruments held at 1 April 2023 from the 2 April 2022 position.

3 Impairment of fixed assets relates to the closure of the Knighton site.

4 Restructuring costs in the current period includes £7.6m which relates to the closure of the Knighton site with the remainder primarily relating to some supply chain restructuring.

5 Other non-trading items relate primarily to M&A transaction costs and other one-off supply chain charges. Other non-trading items in the prior period related primarily to the resolution of a legacy legal matter.

6 Depreciation in the period ended 1 April 2023 includes £1.6m (2021/22: £2.0m) of depreciation of IFRS 16 right of use assets.

Revenues in the period ended 1 April 2023, from the Group's four principal customers, which individually represent over 10% of total Group revenue, are £242.6m, £142.7m, £114.4m and £96.2m (2021/22: £224.8m, £129.0m, £97.6m and £91.7m). 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

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
United Kingdom	943.1	847.1
Other Europe	28.1	26.2
Rest of world	35.2	27.2
Total	1,006.4	900.5

Non-current assets

	As at 1 April 2023 £m	As at 2 April 2022 £m
United Kingdom	**1,160.6**	1,130.4

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

5. Operating profit

5.1 Analysis of costs by nature

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Employee benefits expense (note 7)	**(209.2)**	(183.0)
Depreciation of property, plant and equipment (note 11)	**(19.9)**	(19.2)
Amortisation of intangible assets (note 13)	**(25.6)**	(27.0)
Repairs and maintenance expenditure	**(31.6)**	(28.4)
Research and development costs	**(8.5)**	(7.8)
Non-trading items		
– GMP equalisation charge	**–**	(0.3)
– Impairment of property, plant and equipment (note 11)	**(3.6)**	–
– Restructuring costs	**(11.1)**	–
– Other non-trading items	**(5.8)**	1.5
Auditors' remuneration (note 5.2)	**(1.5)**	(1.2)

5.2 Auditors' remuneration

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Fees payable to the Group's auditors for the audit of the consolidated and parent company accounts of Premier Foods plc	**(1.0)**	(0.9)
– The audit of the Group's subsidiaries, pursuant to legislation	**(0.2)**	(0.1)
Fees payable to the Group's auditors and its associates for other services:		
– Audit related assurance services	**(0.2)**	(0.1)
– Other assurance services	**(0.1)**	–
– Services relating to corporate finance transactions	**–**	(0.1)
Total auditors remuneration	**(1.5)**	(1.2)

The total operating profit charge for auditor remuneration was £1.5m (2021/22: £1.2m).

6. Other income

Other income in 2022/23 of £3.8m (2021/22: £nil) was a receipt following temporary interruption during the year at a manufacturing site.

7. Employees

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Employee benefits expense		
Wages, salaries and bonuses	**(169.0)**	(155.5)
GMP past service cost related to defined benefit pension schemes (note 14)	**-**	(0.3)
Social security costs	**(17.1)**	(15.4)
Termination benefits[1]	**(10.3)**	(0.4)
Share options granted to directors and employees	**(4.6)**	(3.4)
Contributions to defined contribution schemes (note 14)	**(8.2)**	(8.0)
Total	**(209.2)**	(183.0)

1 Termination benefits in the current period relate primarily to the closure of the Knighton site and some supply chain restructuring.

Average monthly number of people employed (including executive and non-executive directors):

	52 weeks ended 1 April 2023 Number	52 weeks ended 2 April 2022 Number
Average monthly number of people employed		
Management	**624**	578
Administration	**380**	414
Production, distribution and other	**3,318**	3,378
Total	**4,322**	4,370

Directors' remuneration is disclosed in the audited section of the Directors' Remuneration Report on pages 90 to 114, which forms part of these consolidated financial statements.

8. Finance income and costs

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Interest payable on bank loans and overdrafts	**(7.4)**	(4.3)
Interest payable on senior secured notes	**(11.5)**	(13.4)
Interest payable on revolving facility	**(0.3)**	(0.3)
Other interest (payable) / receivable[1]	**(0.6)**	0.1
Amortisation of debt issuance costs	**(1.9)**	(2.1)
	(21.7)	(20.0)
Write off of financing costs[2]	**–**	(4.3)
Early redemption fee[3]	**–**	(4.7)
Total finance cost	**(21.7)**	(29.0)
Interest receivable on bank deposits	**0.8**	0.3
Other finance income[4]	**1.1**	0.2
Total finance income	**1.9**	0.5
Net finance cost	**(19.8)**	(28.5)

1 Included in other interest (payable) / receivable is £0.6m charge (2021/22: £0.8m charge) relating to non-cash interest costs on lease liabilities under IFRS 16.

2 Relates to the refinancing of the senior secured fixed rate notes due 2023 and revolving credit facility in the previous period.

3 Relates to a non-recurring payment arising on the early redemption of the £300m senior secured fixed rate notes due to mature in October 2023 as part of the refinancing of the Group's debt in June 2021.

4 Other finance income primarily relates to the unwind of the discount on certain of the Group's long-term provisions.

9. Taxation

Current tax

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Current tax		
– Current period	**(8.1)**	(6.4)
Deferred tax		
– Current period	**(15.8)**	(16.5)
– Prior periods	**0.7**	1.9
– Changes in tax rate on the opening balance	**2.4**	(4.1)
Income tax charge	**(20.8)**	(25.1)

Tax relating to items recorded in other comprehensive income included:

	1 April 2023 £m	2 April 2022 £m
Corporation tax credit on pension movements	**7.2**	6.4
Deferred tax charge on increase of corporate tax rate	**–**	(17.9)
Deferred tax credit on prior year	**–**	1.6
Deferred tax credit/(charge) on pension movements	**52.7**	(97.9)
	59.9	(107.8)

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

The tax charge for the period differs from the standard rate of corporation tax in the United Kingdom of 19.0% (2021/22: 19.0%). The reasons for this are explained below:

	1 April 2023 £m	2 April 2022 £m
Profit before taxation	**112.4**	102.6
Tax charge at the domestic income tax rate of 19.0% (2021/22: 19.0%)	**(21.4)**	(19.5)
Tax effect of:		
Non-deductible items	**(0.1)**	(0.8)
Recognition of previously unrecognised losses	**0.2**	–
Adjustment due to change in tax rate on the opening balances	**2.3**	(4.1)
Difference between current and deferred tax rate	**(3.5)**	(3.1)
Tax incentives	**1.0**	0.5
Adjustments to prior periods	**0.7**	1.9
Income tax charge	**(20.8)**	(25.1)

Corporation tax losses are not recognised where future recoverability is uncertain.

The difference between current and deferred tax rate of £3.5m relates to the impact of the current tax rate being 19% and the future year deferred tax movements being measured at 25%.

The adjustments to prior periods of £0.7m (2021/22: £1.9m) relates primarily to the changes in prior period intangibles and capital allowances following verifications in submitted returns.

9. Taxation CONTINUED

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.

	2022/23 £m	2021/22 £m
At 3 April 2022/4 April 2021	**(189.8)**	(57.4)
Acquisition of The Spice Tailor	**(5.0)**	–
Charged to the statement of profit or loss	**(12.7)**	(18.7)
Credited/(charged) to other comprehensive income	**52.7**	(114.2)
(Charged)/credited to equity	**(0.7)**	0.5
At 1 April 2023/2 April 2022	**(155.5)**	(189.8)

The Group has not recognised £2.2m of deferred tax assets (2021/22: £2.2m not recognised) relating to UK corporation tax losses. In addition, the Group has not recognised a tax asset of £67.8m (2021/22: £83.9m) relating to Advanced Corporation Tax (ACT) and £75.8m (2021/22: £76.6m) relating to capital losses. Under current legislation these can generally be carried forward indefinitely.

Deferred tax liabilities

	Intangibles £m	Retirement benefit obligation £m	Leases £m	Other £m	Total £m
At 4 April 2021	(50.1)	(101.9)	(2.9)	(1.0)	(155.9)
Charge due to change in corporate tax rate					
– To statement of profit or loss	(15.4)	(9.5)	(0.9)	(0.3)	(26.1)
– To other comprehensive income	–	(22.7)	–	–	(22.7)
Current period credit/(charge)	1.3	(3.5)	–	–	(2.2)
Charged to other comprehensive income	–	(97.9)	–	–	(97.9)
Prior period (charge)/credit					
– To statement of profit or loss	(0.3)	–	–	–	(0.3)
– To other comprehensive income	–	1.6	–	–	1.6
At 2 April 2022	**(64.5)**	**(233.9)**	**(3.8)**	**(1.3)**	**(303.5)**
At 3 April 2022	**(64.5)**	**(233.9)**	**(3.8)**	**(1.3)**	**(303.5)**
Acquisition of The Spice Tailor	**(5.0)**	**–**	**–**	**–**	**(5.0)**
Charge due to change in corporate tax rate					
- To statement of profit or loss	**(0.3)**	**–**	**–**	**–**	**(0.3)**
Current period credit/(charge)	**1.5**	**(6.7)**	**3.0**	**–**	**(2.2)**
Credited to other comprehensive income	**–**	**52.7**	**–**	**–**	**52.7**
At 1 April 2023	**(68.3)**	**(187.9)**	**(0.8)**	**(1.3)**	**(258.3)**

Deferred tax assets

	Accelerated tax depreciation £m	Share-based payments £m	Losses £m	Other £m	Total £m
At 4 April 2021	49.5	2.7	45.0	1.3	98.5
Credit due to change in corporate tax rate					
– To statement of profit or loss	12.7	–	9.1	0.2	22.0
–To other comprehensive income	–	–	4.8	–	4.8
– To equity	–	0.1	–	–	0.1
Current period (charge)/credit	(13.1)	0.7	(1.2)	(0.7)	(14.3)
Credited to equity	–	0.4	–	–	0.4
Prior period credit					
– To statement of profit or loss	2.2	–	–	–	2.2
At 2 April 2022	51.3	3.9	57.7	0.8	113.7
At 3 April 2022	**51.3**	**3.9**	**57.7**	**0.8**	**113.7**
Credit due to change in corporate tax rate					
– To statement of profit or loss	**2.3**	**–**	**0.3**	**0.1**	**2.7**
Current period (charge)/credit	**(13.9)**	**0.5**	**(2.2)**	**2.0**	**(13.6)**
Charged to equity	**–**	**(1.2)**	**–**	**–**	**(1.2)**
Prior period credit					
– To statement of profit or loss	**0.5**	**0.2**	**–**	**–**	**0.7**
– To equity	**–**	**0.5**	**–**	**–**	**0.5**
At 1 April 2023	**40.2**	**3.9**	**55.8**	**2.9**	**102.8**

Deferred tax asset on losses and accelerated tax depreciation	£m
As at 1 April 2023	**22.4**
As at 2 April 2022	23.1

Net deferred tax liability	£m
As at 1 April 2023	**(177.9)**
As at 2 April 2022	(212.9)

Where there is a legal right of offset and an intention to settle as such, deferred tax assets and liabilities may be presented on a net basis. This is the case for most of the Group's deferred tax balances except non-trading losses of £22.4m (2021/22: £23.1m). 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.

10. Earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to owners of the parent of £91.6m (2021/22: £77.5m profit) by the weighted average number of ordinary shares of the Company.

Weighted average shares

	2022/23 Number (m)	2021/22 Number (m)
Weighted average number of ordinary shares for the purpose of basic earnings per share	861.2	858.8
Effect of dilutive potential ordinary shares:		
– Share options	19.5	17.0
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**880.7**	875.8

Earnings per share calculation

	52 weeks ended 1 April 2023			52 weeks ended 2 April 2022		
	Basic	Dilutive effect of share options	Diluted	Basic	Dilutive effect of share options	Diluted
Profit after tax (£m)	91.6		91.6	77.5		77.5
Weighted average number of shares (m)	861.2	19.5	880.7	858.8	17.0	875.8
Earnings per share (pence)	**10.6**	**(0.2)**	**10.4**	9.0	(0.2)	8.8

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% (2021/22: 19.0%) divided by the weighted average number of ordinary shares of the Company.

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

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.

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Trading profit (note 4)[1]	157.5	141.2
Less net regular interest	(20.3)	(19.8)
Adjusted profit before taxation	137.2	121.4
Notional tax at 19.0% (2021/22: 19%)	(26.1)	(23.1)
Adjusted profit after taxation	111.1	98.3
Average shares in issue (m)	861.2	858.8
Adjusted basic EPS (pence)	12.9	11.5
Dilutive effect of share options	(0.3)	(0.2)
Adjusted dilutive EPS (pence)	12.6	11.3
Net regular interest		
Net finance cost	(19.8)	(28.5)
Exclude other finance income	(1.1)	(0.2)
Exclude write-off of financing costs	–	4.3
Exclude early redemption fee	–	4.7
Exclude other interest payable / (receivable)	0.6	(0.1)
Net regular interest	(20.3)	(19.8)

1 2021/22 Trading Profit has been re-presented in line with the revised definition.

11. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Right of use Assets £m	Total £m
Cost					
At 3 April 2021	100.3	334.4	14.3	12.9	461.9
Additions	1.7	9.2	7.6	0.5	19.0
Disposals	(1.5)	(8.2)	–	(0.9)	(10.6)
Remeasurement	–	–	–	(0.4)	(0.4)
Reclassified from intangibles	–	–	0.2	–	0.2
Transferred into use	0.9	12.6	(13.5)	–	–
At 2 April 2022	101.4	348.0	8.6	12.1	470.1
Additions	**1.0**	**9.1**	**6.4**	**5.7**	**22.2**
Acquisition of subsidiary	**–**	**0.1**	**–**	**–**	**0.1**
Disposals	**(0.6)**	**(8.8)**	**–**	**(1.3)**	**(10.7)**
Remeasurement	**–**	**–**	**–**	**(3.6)**	**(3.6)**
Reclassified from intangibles	**–**	**–**	**0.1**	**–**	**0.1**
Transferred into use	**0.7**	**7.0**	**(7.7)**	**–**	**–**
At 1 April 2023	**102.5**	**355.4**	**7.4**	**12.9**	**478.2**
Accumulated depreciation and impairment					
At 3 April 2021	(44.4)	(221.5)	–	(3.9)	(269.8)
Depreciation charge	(2.2)	(15.0)	–	(2.0)	(19.2)
Disposals	1.4	7.5	–	0.9	9.8
At 2 April 2022	**(45.2)**	**(229.0)**	**–**	**(5.0)**	**(279.2)**
Depreciation charge	**(2.6)**	**(15.7)**	**–**	**(1.6)**	**(19.9)**
Disposals	**0.5**	**8.6**	**–**	**1.3**	**10.4**
Impairment charge	**–**	**(3.6)**	**–**	**–**	**(3.6)**
At 1 April 2023	**(47.3)**	**(239.7)**	**–**	**(5.3)**	**(292.3)**
Net book value					
At 2 April 2022	56.2	119.0	8.6	7.1	190.9
At 1 April 2023	**55.2**	**115.7**	**7.4**	**7.6**	**185.9**

11. Property, plant and equipment CONTINUED

Included in the right of use assets are the following:

	Land and buildings £m	Plant, equipment & other[1] £m	Total £m
Cost			
Balance at 3 April 2021	9.3	3.6	12.9
Additions	–	0.5	0.5
Disposals	(0.3)	(0.6)	(0.9)
Remeasurement	(0.4)	–	(0.4)
At 2 April 2022	**8.6**	**3.5**	**12.1**
Additions	**4.8**	**0.9**	**5.7**
Disposals	**(0.5)**	**(0.8)**	**(1.3)**
Remeasurement	**(3.6)**	–	**(3.6)**
At 1 April 2023	**9.3**	**3.6**	**12.9**
Accumulated depreciation and impairment			
At 3 April 2021	(2.5)	(1.4)	(3.9)
Depreciation charge	(1.1)	(0.9)	(2.0)
Disposals	0.3	0.6	0.9
At 2 April 2022	**(3.3)**	**(1.7)**	**(5.0)**
Depreciation charge	**(0.7)**	**(0.9)**	**(1.6)**
Disposals	**0.5**	**0.8**	**1.3**
At 1 April 2023	**(3.5)**	**(1.8)**	**(5.3)**
Net book value			
At 2 April 2022	5.3	1.8	7.1
At 1 April 2023	**5.8**	**1.8**	**7.6**

1 Included in Plant, equipment & other are vehicles with a cost of £nil (2021/22: £0.2m) and NBV of £nil (2021/22: £0.0m)

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

12. Goodwill

	As at 1 April 2023 £m	As at 2 April 2022 £m
Carrying value		
Opening balance	**646.0**	646.0
Acquisition of subsidiary (note 28)	**34.3**	–
Closing balance	**680.3**	646.0

Goodwill is allocated to the Group's Grocery CGU. Goodwill impairment testing is performed at the Grocery CGU level, which is the lowest level at which goodwill is allocated and monitored for internal reporting purposes.

Key assumptions

The key assumptions for calculating value in use are revenue growth, divisional contribution margin growth, long-term growth rate and discount rate.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Cash flow assumptions

The cash flows and capital expenditure to maintain these used in the value in use calculation are post-tax cash flows based on the latest Board-approved budget for the first year and the latest Board-approved forecasts in respect of the following four years which include consideration of the impact on the Group of climate change and actions the Group are taking to reduce carbon emissions. The costs and capital expenditure to meet the Group's ESG targets, on page 33, are included in cashflows.

Two of the key assumptions when forecasting cash flows are revenue growth and divisional contribution margin. Revenue growth is forecast based on known or forecast customer sales initiatives, including, to the extent agreed, customer business plans or agreements for the next period, current and forecast new product development, promotional and marketing strategy, and specific category or geographical growth. External factors, including the consumer environment, are also taken into account in the more short-term forecasts. The compound revenue growth rate over the five-year forecast period is 4.9% (2021/22: 4.9% 3 year compound revenue growth rate). Note that in 2022/23 the forecast review period has been increased from a three year to a five year review period for the purpose of Impairment reviews to align with the five year review period now being used for the Group's Viability assessment (see page 67).

Divisional contribution margin is forecast based on the projected mix of branded and non-branded sales, raw material input costs, purchasing initiatives and marketing and distribution costs. Management have modelled scenarios on volume elasticity due to inflationary pressures and the adverse impact on demand due to climate change and were within the range of Group's existing sensitivities as disclosed within the table below. Please also see viability analysis on pages 67 for further details on additional scenario analyses performed. The climate scenarios modelled reflect the risks deemed material through the TFCD risk assessment on pages 41 to 45.

Long term growth rate assumptions

For the purposes of impairment testing, the cash flows are extrapolated into perpetuity using growth assumptions relevant for the business sector. The growth rate applied of 1.16% (2021/22: 1.3%) is based on the average medium term GDP growth as the directors expect food consumption to follow GDP growth. This is not considered to be higher than the average long-term industry growth rate.

Discount rate assumptions

The discount rate applied to the cash flows is calculated using a post-tax rate based on the weighted average cost of capital ('WACC') which would be anticipated for a market participant in the Group.

The Group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing. In the current period, the post-tax rate used to discount the forecast cash flows has been determined to be 9.06% (2021/22: 7.4%). On a pre-tax basis a discount rate of 12.08% (2021/22: 9.4%) would have been applied.

Sensitivity analysis

An illustration of the sensitivity to reasonably possible changes in key assumptions in the impairment test for the Grocery CGU is as follows:

	Reasonably possible change in assumption	Impact on value in use
Revenue growth	Increase/decrease by 3.0%	Increase/decrease by £283.5m/£254.0m
Divisional contribution margin	Increase/decrease by 2.0%	Increase/decrease by £150.5m
Long-term growth rate	Increase/decrease by 0.5%	Increase/decrease by £77.1m/£67.9m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £88.0m/£99.9m

Under each of the above sensitivities no individual scenarios would trigger an impairment for the Grocery CGU. Under a combination of reasonably possible scenarios and taking into account mitigating actions, no impairment would be triggered.

Goodwill impairment charge

There has been no goodwill impairment charge recognised in 2022/23 (2021/22: £nil).

13. Other intangible assets

	Software £m	Licences £m	Brands £m	Customer relationships £m	Assets under construction £m	Total £m
Cost						
At 3 April 2021	149.3	28.0	665.2	134.8	4.0	981.3
Additions	1.7	–	–	–	1.8	3.5
Disposals	(19.9)	–	–	–	–	(19.9)
Reclassified to property, plant & equipment	–	–	–	–	(0.2)	(0.2)
Transferred into use	3.6	–	–	–	(3.6)	–
At 2 April 2022	**134.7**	**28.0**	**665.2**	**134.8**	**2.0**	**964.7**
Additions	**4.0**	**–**	**–**	**–**	**2.1**	**6.1**
Acquisition of subsidiary	**–**	**–**	**20.5**	**–**	**–**	**20.5**
Reclassified to property, plant & equipment	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Transferred into use	**1.5**	**–**	**–**	**–**	**(1.5)**	**–**
At 1 April 2023	**140.2**	**28.0**	**685.7**	**134.8**	**2.5**	**991.2**
Accumulated amortisation and impairment						
At 3 April 2021	(135.1)	(28.0)	(366.2)	(134.8)	–	(664.1)
Disposals	19.9	–	–	–	–	19.9
Amortisation charge	(7.1)	–	(19.9)	–	–	(27.0)
At 2 April 2022	**(122.3)**	**(28.0)**	**(386.1)**	**(134.8)**	**–**	**(671.2)**
Amortisation charge	**(4.9)**	**–**	**(20.7)**	**–**	**–**	**(25.6)**
At 1 April 2023	**(127.2)**	**(28.0)**	**(406.8)**	**(134.8)**	**–**	**(696.8)**
Net book value						
At 2 April 2022	12.4	–	279.1	–	2.0	293.5
At 1 April 2023	**13.0**	**–**	**278.9**	**–**	**2.5**	**294.4**

All amortisation is recognised within administrative costs.

Included in the assets under construction additions for the period are £2.8m (2021/22: £1.3m) relating to internal software development 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 1 April 2023 £m	Estimated useful life remaining Years
Bisto	**83.5**	14
Oxo	**64.4**	23
Batchelors	**43.3**	13
Mr Kipling	**32.5**	14
The Spice Tailor	**19.7**	14
Sharwood's	**18.2**	14

14. Retirement benefit schemes

Defined benefit schemes

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

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

Premier Foods Pension Section of RHM Pension Scheme
Premier Grocery Products Pension Section of RHM Pension Scheme
Premier Grocery Products Ireland Pension Scheme ('PGPIPS')
Chivers 1987 Pension Scheme
Hillsdown Holdings Limited Pension Scheme (Scheme wound up 10 February 2023)

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

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

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

The triennial valuation at 31 March 2022 for all three Sections of the RHM Pension Scheme has been agreed. The results show that the combined actuarial deficits of the two Premier Sections have fallen by a further £58m since the interim valuations carried out on 31 March 2021. This has allowed the deficit contributions to be reduced by £5m per year for the current valuation period.

The exchange rates used to translate the overseas euro based schemes are £1.00 = €1.1582 (2021/22: £1.00 = €1.1774) for the average rate during the period, and £1.00 = €1.1377 (2021/22: £1.00 = €1.1881) for the closing position at period end.

All defined benefit schemes are held separately from the Company under Trusts. Trustees are appointed to operate the schemes in accordance with their respective governing documents and pensions law. The schemes meet the legal requirement for member nominated trustees' representation on the trustee boards. Trustee directors undertake regular training and development to ensure that they are equipped appropriately to carry out the role. In addition, each trustee board has appointed professional 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 generally meet at least four times a year to conduct their business. To support these meetings certain aspects of the schemes' operation are delegated to give specialist focus (e.g. investment, administration and compliance) to committees for which further meetings are held as appropriate throughout the year. These committees regularly report to the full trustee boards.

The schemes invest through investment managers appointed by the trustees in a broad range of assets to support the security and funding of their pension obligations. Asset classes used include government bonds, private equity, absolute return products, swaps, infrastructure, illiquid credits and global credits.

The scheme assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group. The RHM Pension Scheme holds a security over the assets of the Group which ranks pari passu with the banks and bondholders in the event of insolvency, up to a cap.

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

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

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

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

Notes to the consolidated financial statements
CONTINUED

14. Retirement benefit schemes CONTINUED

The trustee is on track to disclose the scheme's first TCFD report as part of the 2023 year-end reporting cycle.

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

- Liquidity risk – the PF and PGP Sections of the RHM Pension Scheme have significant technical funding deficits which could increase. The RHM Section of the RHM Pension Scheme is currently in surplus, but subsequent valuations could reveal a deficit. As such this could have an adverse impact on the financial 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 Premier Foods Section is currently hedged to around 60% for interest rates and inflation and the Premier Grocery Products Sections is currently hedged to around 75% for interest rates and inflation.

The liabilities of the schemes are approximately 35% in respect of former active members who have yet to retire and approximately 65% in respect of pensioner members already in receipt of benefits.

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

All pension schemes are closed to future accrual.

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

	At 1 April 2023		At 2 April 2022	
	Premier Schemes	**RHM Schemes**	Premier Schemes	RHM Schemes
Discount rate	**4.80%**	**4.80%**	2.75%	2.75%
Inflation – RPI	**3.30%**	**3.30%**	3.60%	3.60%
Inflation – CPI	**2.85%**	**2.85%**	3.20%	3.20%
Future pension increases				
– RPI (min 0% and max 5%)	**3.05%**	**3.05%**	3.35%	3.35%
– CPI (min 3% and max 5%)	**3.55%**	**3.55%**	3.65%	3.65%

For the smaller overseas schemes, the discount rate used was 3.65% (2021/22: 1.75%) and future pension increases were 2.45% (2021/22: 2.60%).

At 1 April 2023 and 2 April 2022, the discount rate was derived based on a bond yield curve expanded to also include bonds rated AA by one credit agency (and which might for example be rated A or AAA by other agencies).

The Group continued to set RPI inflation in line with the market break-even expectations less an inflation risk premium. The inflation risk premium of 0.3% (2021/22: 0.3%), reflects an allowance for additional market distortions caused by the RPI reform proposals.

The Group has set the CPI assumption by assuming it is 1.0% p.a. lower than RPI pre 2030 (reflecting UKSA's stated intention to make no changes before 2030) and 0.1% lower than RPI post 2030 (2021/22: 0.1% lower post 2030), this being our expectation of the long-term average difference between CPI and CPI-H. Using this approach, the assumed difference between the RPI and CPI is an average of 0.45% (2021/22: 0.40%) per annum.

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

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

The mortality assumptions are based on standard mortality tables. The directors have considered the impact of the current Covid-19 pandemic on the mortality assumptions and consider that use of the updated Continuous Mortality Improvement (CMI) 2021 projections released in March 2022 for the future improvement assumption a reasonable approach, these are the most recently published projections at the reporting date. Management considers the 2020 and 2021 mortality experience to be outliers and therefore have applied a 0% weight to the 2020 and 2021 mortality experience data. However, an addition to the mortality scaling factors of 5% (2021/22: 2%) has been applied, which reflects the expected long term negative outlook from the impact of Covid-19 on future life expectancy. The increase in scaling factor from the prior year reflects experience that has emerged over the past 12 months. The estimated impact of the 3% addition to the mortality scaling factors is approximately 0.8% decrease in defined benefit obligation in respect of the schemes.

An adjustment to the base mortality tables has been made for the RHM scheme to reflect the latest scheme mortality studies which were commissioned by the trustee in 2022. The life expectancy assumptions are as follows:

	At 1 April 2023		At 2 April 2022	
	Premier Schemes	**RHM Schemes**	**Premier Schemes**	**RHM Schemes**
Male pensioner, currently aged 65	**86.5**	**84.7**	86.6	85.2
Female pensioner, currently aged 65	**88.2**	**87.1**	88.3	87.7
Male non-pensioner, currently aged 45	**87.4**	**86.0**	87.5	86.5
Female non-pensioner, currently aged 45	**89.7**	**89.0**	89.8	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 £39.2m/£39.8m
Inflation	Increase/decrease by 0.1%	Increase/decrease by £16.6m/£11.9m
Assumed life expectancy at age 60 (rate of mortality)	Increase/decrease by 1 year	Increase/decrease by £122.0m/£125.0m

The sensitivity information has been derived using projected cash flows for the Schemes valued using the relevant assumptions and membership profile as at 1 April 2023. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

	Premier Schemes £m	**% of total %**	**RHM Schemes £m**	**% of total %**	**Total £m**	**% of total %**
Assets with a quoted price in an active market at 1 April 2023:						
Government bonds	**197.8**	**35.8**	**815.1**	**25.2**	**1,012.9**	**26.7**
Cash	**8.2**	**1.5**	**59.1**	**1.8**	**67.3**	**1.8**
Assets without a quoted price in an active market at 1 April 2023:						
UK equities	**0.1**	**0.0**	**–**	**–**	**0.1**	**0.0**
Global equities	**2.3**	**0.4**	**4.6**	**0.1**	**6.9**	**0.2**
Government bonds	**30.5**	**5.5**	**2.1**	**0.1**	**32.6**	**0.9**
Corporate bonds	**7.4**	**1.4**	**4.9**	**0.2**	**12.3**	**0.3**
UK property	**68.7**	**12.4**	**213.8**	**6.6**	**282.5**	**7.4**
European property	**44.7**	**8.1**	**204.8**	**6.3**	**249.5**	**6.6**
Absolute return products	**6.8**	**1.2**	**426.6**	**13.2**	**433.4**	**11.4**
Infrastructure funds	**27.4**	**5.0**	**342.5**	**10.6**	**369.9**	**9.8**
Interest rate swaps	**–**	**–**	**286.6**	**8.8**	**286.6**	**7.6**
Inflation swaps	**–**	**–**	**43.4**	**1.3**	**43.4**	**1.1**
Private equity	**48.8**	**8.8**	**310.8**	**9.6**	**359.6**	**9.5**
LDI	**–**	**–**	**7.1**	**0.2**	**7.1**	**0.2**
Global credit	**4.3**	**0.8**	**205.9**	**6.4**	**210.2**	**5.5**
Illiquid credit	**101.4**	**18.3**	**227.5**	**7.0**	**328.9**	**8.7**
Cash	**0.5**	**0.1**	**0.1**	**0.0**	**0.6**	**0.0**
Other[1]	**3.7**	**0.7**	**85.3**	**2.6**	**89.0**	**2.3**
Fair value of scheme assets as at 1 April 2023	**552.6**	**100%**	**3,240.2**	**100%**	**3,792.8**	**100%**

14. Retirement benefit schemes CONTINUED

	Premier Schemes £m	% of total %	RHM Schemes £m	% of total %	Total £m	% of total %
Assets with a quoted price in an active market at 2 April 2022:						
Government bonds	337.1	40.8	842.3	19.7	1,179.4	23.1
Cash	27.9	3.4	76.0	1.8	103.9	2.0
Assets without a quoted price in an active market at 2 April 2022:						
UK equities	0.1	0.0	0.3	0.0	0.4	0.0
Global equities	4.3	0.5	5.7	0.1	10.0	0.2
Government bonds	31.8	3.9	2.5	0.1	34.3	0.7
Corporate bonds	0.3	0.0	6.0	0.1	6.3	0.1
UK property	84.9	10.3	285.4	6.7	370.3	7.3
European property	38.3	4.6	168.3	3.9	206.6	4.0
Absolute return products	62.5	7.6	872.2	20.4	934.7	18.3
Infrastructure funds	26.7	3.2	338.0	7.9	364.7	7.2
Interest rate swaps	0.1	0.0	397.4	9.3	397.5	7.8
Inflation swaps	–	–	93.4	2.2	93.4	1.8
Private equity	39.9	4.8	280.1	6.5	320.0	6.3
LDI	–	–	7.7	0.2	7.7	0.2
Global credit	74.3	9.0	554.3	13.0	628.6	12.3
Illiquid credit	81.6	9.9	191.6	4.5	273.2	5.4
Cash	9.8	1.2	0.1	0.0	9.9	0.2
Other[1]	6.7	0.8	152.4	3.6	159.1	3.1
Fair value of scheme assets as at 2 April 2022	826.3	100%	4,273.7	100%	5,100.0	100%

1 Included in Other in the RHM Schemes is £nil (2021/22: £111.2m) of assets which have been sold during 2020/21 and were 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.

Pension assets have been reported using 31 March 2023 valuations where available. As is usual practice for pensions assets where valuations at this date were not available, the most recent valuations (predominantly at 31 December 2022) have been rolled forward for cash movements to 31 March 2023 and recognised as lagged valuations. This is considered by management the most appropriate estimate of valuations for these assets using the information available at the time. At 1 April 2023 the financial statements include £371m of assets using lagged valuations and were these lagged valuations to move by 1% there would be a £3.7m impact on the fair value of scheme assets. This approach is principally relevant for Private Equity, Property Assets, Illiquid Credits and Global Credits asset categories. Pension assets valuations are subject to estimation uncertainty due to market volatility, which could result in a material movement in asset values over the next 12 months.

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

	At 1 April 2023			At 2 April 2022		
	Premier Schemes £m	RHM Schemes £m	Total £m	Premier Schemes £m	RHM Schemes £m	Total £m
Present value of funded obligations	(735.4)	(2,291.9)	(3,027.3)	(1,020.2)	(3,134.9)	(4,155.1)
Fair value of scheme assets	552.6	3,240.2	3,792.8	826.3	4,273.7	5,100.0
(Deficit)/surplus in schemes	(182.8)	948.3	765.5	(193.9)	1,138.8	944.9

The aggregate surplus of £944.9m has decreased to a surplus of £765.5m in the current period. This decrease of £179.4m (2021/22: £405.0m increase) is primarily due to a lower return on scheme assets partly offset by changes in financial assumptions, being higher discount rate offset to a lesser extent by higher inflation assumptions. Further details are provided later in this note.

The disclosures in note 14 represent those schemes that are associated with Premier ('Premier schemes') and those that are associated with ex-RHM companies ('RHM Schemes'). These differ to that disclosed on the balance sheet, in which the schemes have been split between those in an asset position and those in a liability position. The disclosures in note 14 reconcile to those disclosed on the balance sheet as shown below:

	At 1 April 2023			At 2 April 2022		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	Premier Schemes £m	RHM Schemes £m	Total £m
Schemes in net asset position	**11.8**	**948.3**	**960.1**	9.9	1,138.8	1,148.7
Schemes in net liability position	**(194.6)**	**–**	**(194.6)**	(203.8)	–	(203.8)
Net (Deficit)/surplus in schemes	**(182.8)**	**948.3**	**765.5**	(193.9)	1,138.8	944.9

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

	Premier Schemes £m	**RHM Schemes £m**	**Total £m**
Defined benefit obligation at 3 April 2021	(1,175.1)	(3,536.9)	(4,712.0)
Interest cost	(22.7)	(68.9)	(91.6)
Past service cost	(0.1)	(0.2)	(0.3)
Settlement	0.2	–	0.2
Remeasurement gain	139.7	333.5	473.2
Exchange differences	0.5	0.2	0.7
Benefits paid	37.3	137.4	174.7
Defined benefit obligation at 2 April 2022	**(1,020.2)**	**(3,134.9)**	**(4,155.1)**
Interest cost	**(27.0)**	**(83.9)**	**(110.9)**
Settlement	**0.3**	**–**	**0.3**
Remeasurement gain	**271.9**	**787.3**	**1,059.2**
Exchange differences	**(1.6)**	**(1.1)**	**(2.7)**
Benefits paid	**41.2**	**140.7**	**181.9**
Defined benefit obligation at 1 April 2023	**(735.4)**	**(2,291.9)**	**(3,027.3)**

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 3 April 2021	792.5	4,459.4	5,251.9
Interest income on scheme assets	15.3	87.3	102.6
Remeasurement gains/(losses)	17.5	(133.4)	(115.9)
Administrative costs	(4.2)	(2.5)	(6.7)
Settlement	(0.3)	–	(0.3)
Contributions by employer	40.9	0.5	41.4
Additional employer contribution[1]	2.5	–	2.5
Exchange differences	(0.6)	(0.2)	(0.8)
Benefits paid	(37.3)	(137.4)	(174.7)
Fair value of scheme assets at 2 April 2022	**826.3**	**4,273.7**	**5,100.0**
Interest income on scheme assets	**22.1**	**115.1**	**137.2**
Remeasurement losses	**(295.7)**	**(1,009.1)**	**(1,304.8)**
Administrative costs	**(4.2)**	**(4.4)**	**(8.6)**
Settlement	**(0.3)**	**–**	**(0.3)**
Contributions by employer	**40.6**	**4.5**	**45.1**
Additional employer contribution[1]	**2.7**	**–**	**2.7**
Exchange differences	**2.3**	**1.1**	**3.4**
Benefits paid	**(41.2)**	**(140.7)**	**(181.9)**
Fair value of scheme assets at 1 April 2023	**552.6**	**3,240.2**	**3,792.8**

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

14. Retirement benefit schemes CONTINUED

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

	Premier Schemes £m	RHM Schemes £m	Total £m
(Deficit)/surplus in schemes at 3 April 2021	(382.6)	922.5	539.9
Amount recognised in profit or loss	(11.8)	15.7	3.9
Remeasurements recognised in other comprehensive income	157.2	200.1	357.3
Contributions by employer	40.9	0.5	41.4
Additional employer contribution[1]	2.5	–	2.5
Exchange differences recognised in other comprehensive income	(0.1)	–	(0.1)
(Deficit)/surplus in schemes at 2 April 2022	**(193.9)**	**1,138.8**	**944.9**
Amount recognised in profit or loss	**(9.1)**	**26.8**	**17.7**
Remeasurements recognised in other comprehensive income	**(23.8)**	**(221.8)**	**(245.6)**
Contributions by employer	**40.6**	**4.5**	**45.1**
Additional employer contribution[1]	**2.7**	**–**	**2.7**
Exchange differences recognised in other comprehensive income	**0.7**	**–**	**0.7**
(Deficit)/surplus in schemes at 1 April 2023	**(182.8)**	**948.3**	**765.5**

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

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

	52 weeks ended 1 April 2023			52 weeks ended 2 April 2022		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	Premier Schemes £m	RHM Schemes £m	Total £m
Remeasurement gain on scheme liabilities	**271.9**	**787.3**	**1,059.2**	139.7	333.5	473.2
Remeasurement (loss)/gain on scheme assets	**(295.7)**	**(1,009.1)**	**(1,304.8)**	17.5	(133.4)	(115.9)
Net remeasurement (loss)/gain for the period	**(23.8)**	**(221.8)**	**(245.6)**	157.2	200.1	357.3

The actual return on scheme assets was a £1,167.6m loss (2021/22: £13.3m loss), which is £1,304.8m less (2021/22: £115.9m less) than the interest income on scheme assets of £137.2m (2021/22: £102.6m).

The remeasurement gain on liabilities of £1,059.2m (2021/22: £473.2m gain) comprises a gain due to changes in financial assumptions of £1,089.8m (2021/22: £413.3m gain), a loss due to member experience of £69.7m (2021/22: £3.2m loss) and a gain due to demographic assumptions of £39.1m (2021/22: £63.1m gain).

The Group expects to contribute £6m annually to its defined benefit schemes in relation to expenses and government levies and £33m of additional annual contributions to fund the scheme deficits up to 2 April 2024.

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

	52 weeks ended 1 April 2023			52 weeks ended 2 April 2022		
	Premier Schemes £m	**RHM Schemes £m**	**Total £m**	Premier Schemes £m	RHM Schemes £m	Total £m
Operating profit						
Past service cost	**–**	**–**	**–**	(0.1)	(0.2)	(0.3)
Settlement costs	**–**	**–**	**–**	(0.1)	–	(0.1)
Administrative costs	**(4.2)**	**(4.4)**	**(8.6)**	(4.2)	(2.5)	(6.7)
Net interest (cost)/credit	**(4.9)**	**31.2**	**26.3**	(7.4)	18.4	11.0
Total (cost)/credit	**(9.1)**	**26.8**	**17.7**	(11.8)	15.7	3.9

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 £8.2m (2021/22: £8.0m) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

15. Inventories

	As at 1 April 2023 £m	As at 2 April 2022 £m
Raw materials	**20.6**	18.5
Work in progress	**3.5**	2.8
Finished goods and goods for resale	**69.6**	56.8
Total inventories	**93.7**	78.1

Stock write-offs in the period amounted to £7.6m (2021/22: £3.7m). The increase in the current period is primarily related to one-off supply chain disruption and the closure of the Knighton site.

The borrowings of the Group are secured on the assets of the Group including inventories.

16. Trade and other receivables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Trade receivables	**70.8**	71.4
Trade receivables provided for	**(2.9)**	(2.6)
Net trade receivables	**67.9**	68.8
Prepayments	**19.0**	16.3
Corporation tax	**0.6**	–
Other tax and social security receivable	**13.6**	11.2
Other receivables	**2.8**	0.2
Total trade and other receivables	**103.9**	96.5

The borrowings of the Group are secured on the assets of the Group including trade and other receivables.

During the period, the Group continued to operate the trade receivable purchase arrangement. This is a non-recourse arrangement and therefore amounts are derecognised when sold. As at 1 April 2023, £28.7 million was drawn (2021/22: £28.5 million) under the non-recourse arrangement.

17. Notes to the cash flow statement

Reconciliation of profit before taxation to cash flows from operations

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Profit before taxation	**112.4**	102.6
Net finance cost	**19.8**	28.5
Operating profit	**132.2**	131.1
Depreciation of property, plant and equipment	**19.9**	19.2
Amortisation of intangible assets	**25.6**	27.0
Loss on disposal of non-current assets	**0.3**	0.7
Impairment of tangible assets	**3.6**	–
Fair value movements on foreign exchange and other derivative contracts	**1.8**	(4.4)
Net interest on pensions and administrative expenses[1]	**(17.7)**	(4.2)
Equity settled employee incentive schemes	**4.6**	3.4
GMP equalisation and past service cost related to defined benefit pension schemes	**–**	0.3
Increase in inventories	**(12.4)**	(9.3)
Increase in trade and other receivables	**(1.9)**	(13.1)
Increase in trade and other payables and provisions	**0.1**	4.1
Additional employer contribution[2]	**(2.7)**	(2.5)
Contribution to defined benefit pension schemes	**(45.1)**	(41.4)
Cash generated from operations	**108.3**	110.9

1 For 2021/22 £4.2m has been re-classified from Contribution to defined benefit pension schemes to Net interest on pensions and administrative expenses to aid comparability.

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

17. Notes to the cash flow statement CONTINUED

Reconciliation of cash and cash equivalents to net borrowings

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Net inflow of cash and cash equivalents	9.1	53.2
Movement in lease liabilities	2.8	2.5
Increase in borrowings	–	(10.0)
Debt issuance costs in the period	0.7	8.5
Other non-cash movements	(1.9)	(6.5)
Decrease in borrowings net of cash	10.7	47.7
Total net borrowings at beginning of period	(285.0)	(332.7)
Total net borrowings at end of period	(274.3)	(285.0)

Analysis of movement in borrowings

	As at 2 April 2022 £m	Cash flows £m	Non-cash interest expense £m	Other non-cash movements £m	As at 1 April 2023 £m
Bank overdrafts	–	(1.0)	–	–	(1.0)
Cash and bank deposits	54.3	10.1	–	–	64.4
Net cash and cash equivalents	54.3	9.1	–	–	63.4
Borrowings – Senior Secured Fixed Rate Notes maturing October 2026	(330.0)	–	–	–	(330.0)
Lease liabilities	(16.1)	2.9	(0.6)	0.5	(13.3)
Gross borrowings net of cash[1]	(291.8)	12.0	(0.6)	0.5	(279.9)
Debt issuance costs[2]	6.8	0.7	(1.9)	–	5.6
Total net borrowings[1]	(285.0)	12.7	(2.5)	0.5	(274.3)
Total net borrowings excluding lease liabilities[1]	(268.9)	9.8	(1.9)	–	(261.0)

1 Borrowings exclude derivative financial instruments.

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

Cash outflows of £2.9m (2021/22: £3.3m) in relation to repayments of lease liabilities have been included in the consolidated statement of cash flows, including £0.6m included in interest paid within cash flows from operating activities.

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

	As at 1 April 2023			As at 2 April 2022		
	Offset asset	Offset liability	Net offset liability	Offset asset	Offset liability	Net offset asset
Cash, cash equivalents and bank overdrafts	12.6	(13.6)	(1.0)	8.1	–	8.1

18. Trade and other payables

	As at 1 April 2023 £m	As at 2 April 2022 £m
Trade payables	(141.1)	(137.4)
Commercial accruals	(67.5)	(75.1)
Tax and social security payables	(7.1)	(6.6)
Other payables and accruals	(39.7)	(34.9)
Total trade and other payables	(255.4)	(254.0)

19. Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (arising from adverse movements in foreign currency, commodity prices and interest rates), credit risk and liquidity risk. The Group uses a variety of derivative financial instruments to manage certain of these risks. The management of these risks, along with the day-to-day management of treasury activities is performed by the Treasury function. The policy framework governing the management of these risks is defined by the Board. The framework for management of these risks is incorporated into a policies and procedures manual.

The Group also enters into contracts with suppliers for its principal raw material requirements, some of which are considered commodities, diesel and energy. These commodity and energy contracts are part of the Group's normal purchasing activities. Some of the risk relating to diesel is mitigated with the use of derivative financial instruments. The Price Risk Management Committee monitors and reviews the Group's foreign currency exchange, commodity price and energy price exposures and recommends appropriate hedging strategies for each.

19.1 Market risk

(i) Foreign exchange risk

The Group's main operating entities' functional currency and the Group's presentational currency is sterling although some transactions are executed in non-sterling currencies, principally the euro. The transactional amounts realised or settled are therefore subject to the effect of movements in these currencies against sterling. Management of these exposures is centralised and managed by the Group Finance function. It is the Group's policy to manage the exposures arising using forward foreign currency exchange contracts and currency options. Hedge accounting is not sought for these transactions.

The Group generates some of its profits in non-sterling currencies and has assets in non-sterling jurisdictions, principally the euro.

The principal foreign currency affecting the translation of subsidiary undertakings within the Group financial statements is the euro. The rates applicable are as follows:

Principal rate of exchange: euro/sterling	52 weeks ended 1 April 2023	52 weeks ended 2 April 2022
Period ended	1.1377	1.1881
Average	1.1582	1.1774

The majority of the Group's assets and liabilities are denominated in the functional currency of the relevant subsidiary.

The table below shows the Group's currency exposures as at 1 April 2023 and 2 April 2022 that gave rise to net currency gains and losses recognised in the consolidated statement of profit or loss as a result of monetary assets and liabilities that are not denominated in the functional currency of the subsidiaries involved.

	As at 1 April 2023 £m	As at 2 April 2022 £m
Net foreign currency monetary assets:		
– Euro	(5.3)	(4.9)
– US dollar	1.3	1.6
– Other	(0.2)	(0.2)
Total	(4.2)	(3.5)

In addition, the Group also has forward foreign currency exchange contracts outstanding at the period end in order to manage the exposures above but also to hedge future transactions in foreign currencies. The sterling nominal amounts outstanding are as follows:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Euro	(38.7)	(50.5)
Australian dollar	1.6	–
Indian rupee	(7.0)	–
Total	(44.1)	(50.5)

Sensitivities are disclosed below using the following reasonably possible scenarios:

If the euro were to weaken against sterling by 10 euro cents, with all other variables held constant, profit after tax would decrease by £2.6m (2021/22: £3.5m decrease).

If the euro were to strengthen against sterling by 10 euro cents, with all other variables held constant, profit after tax would increase by £3.0m (2021/22: £4.1m increase).

19. Financial instruments CONTINUED

(ii) Commodity price risk

The Group purchases a variety of commodities for use in production and distribution which can experience significant price volatility, which include, inter-alia, dairy, wheat, cocoa, edible oils and energy. The price risk including inflation on these commodities is managed closely by the Group through the Price Risk Management Committee. It is the Group's policy to minimise its exposure to this volatility by adopting an appropriate forward purchase strategy or by the use of derivative instruments where they are available.

(iii) Interest rate risk

The Group's borrowing facilities comprise senior secured notes and a revolving facility, in sterling. Interest on the revolving facility is charged at floating rates plus a margin on the amounts drawn down, and at 35% of the applicable margin for the non-utilised portion of the facility, hence the borrowings are sensitive to changes in interest rates.

Cash and deposits earn interest at floating rates based on banks' short-term treasury deposit rates. Short-term trade and other receivables are interest-free.

The Group's other financial assets and liabilities are not exposed to material interest rate risk.

19.2 Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Cash and cash equivalents are deposited with high-credit quality financial institutions and although a significant amount of sales is to a relatively small number of customers these are generally the major grocery retailers whose credit risk is considered low.

The ageing of trade and other receivables was as follows:

At 1 April 2023	Fully performing £m	Past due 1-30 days £m	31-60 days £m	61-90 days £m	91-120 days £m	120+ days £m	Total £m
Trade and other receivables							
Expected loss rate	**3.2%**	**1.8%**	**7.0%**	**15.2%**	**19.1%**	**57.8%**	**3.9%**
Gross carrying amount trade and other receivables	**54.1**	**13.7**	**3.3**	**1.3**	**0.6**	**0.6**	**73.6**
Loss allowance	**(1.7)**	**(0.2)**	**(0.2)**	**(0.2)**	**(0.1)**	**(0.4)**	**(2.9)**
At 2 April 2022							
Trade and other receivables							
Expected loss rate	3.0%	5.9%	0.0%	1.1%	14.8%	37.4%	3.7%
Gross carrying amount trade and other receivables	63.9	4.1	0.0	2.2	0.4	1.0	71.6
Loss allowance	(1.9)	(0.2)	(0.0)	(0.0)	(0.1)	(0.4)	(2.6)

The total loss allowance includes provisions in relation to receivables from customers which are considered at risk of experiencing difficult economic situations in the current environment.

The Group does not hold any collateral as security against its financial assets.

Movements in the provision for impairment of trade receivables are as follows:

	2022/23 £m	2021/22 £m
As at 3 April 2022/4 April 2021	**2.6**	3.5
Receivables written off during the period as uncollectable	**(0.2)**	(0.5)
Provision for receivables impairment raised/(released)	**0.5**	(0.4)
As at 1 April 2023/2 April 2022	**2.9**	2.6

19.3 Liquidity risk

The Group manages liquidity risk through the Treasury function. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of three months.

In addition, cash flow forecasts are prepared as part of the Group's overall budgeting and forecasting processes and performance is monitored against this each month. This is intended to give the Board sufficient forward visibility of debt levels.

The Group's Net debt level can vary from month to month and there is some volatility within months. This reflects seasonal trading patterns, timing of receipts from customers and payments to suppliers, patterns of inventory holdings and the timing of the spend on major capital and restructuring projects. For these reasons the debt levels at the period end date may not be indicative of debt levels at other points throughout the period.

The following table analyses the Group's financial 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 1 April 2023							
Trade and other payables	**(248.3)**	**–**	**–**	**–**	**–**	**–**	**(248.3)**
Senior secured notes - fixed	**(11.6)**	**(11.6)**	**(11.6)**	**(336.7)**	**–**	**–**	**(371.5)**
Lease liabilities	**(2.6)**	**(2.6)**	**(2.2)**	**(1.5)**	**(1.4)**	**(6.2)**	**(16.5)**
At 2 April 2022							
Trade and other payables	(247.4)	–	–	–	–	–	(247.4)
Senior secured notes - fixed[1]	(11.6)	(11.6)	(11.6)	(11.6)	(336.7)	–	(383.1)
Lease liabilities	(2.9)	(2.6)	(2.5)	(2.2)	(1.5)	(19.1)	(30.8)

1 Re-presented to reflect the timing of outflows to maturity at October 2026

The secured senior credit facility (revolving) is priced to SONIA, other liabilities are not re-priced before the maturity date.

At 1 April 2023, the Group had £182.0m (2021/22: £182.0m) of facilities not drawn, expiring between two to three years (2021/22: two to four years).

The borrowings are secured by a fixed and floating charge over all the assets of the Group.

The following table analyses the contractual undiscounted cash flows of interest on the fixed rate debt to maturity.

	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 1 April 2023	**11.6**	**11.6**	**11.6**	**6.7**	**–**	**–**	**41.5**
At 2 April 2022[1]	11.6	11.6	11.6	11.6	6.7	–	53.1

1 Re-presented to reflect the timing of outflows to maturity at October 2026

19. Financial instruments CONTINUED

The following table analyses the Group's derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the 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 1 April 2023							
Forward foreign exchange contracts:							
– Outflow	**(79.9)**	**–**	**–**	**–**	**–**	**–**	**(79.9)**
– Inflow	**80.0**	**–**	**–**	**–**	**–**	**–**	**80.0**
Commodities:							
– Inflow	**0.1**	**–**	**–**	**–**	**–**	**–**	**0.1**
Total derivative financial instruments	**0.2**	**–**	**–**	**–**	**–**	**–**	**0.2**
At 2 April 2022							
Forward foreign exchange contracts:							
– Outflow	(52.2)	–	–	–	–	–	(52.2)
– Inflow	51.7	–	–	–	–	–	51.7
Commodities:							
– Outflow	(2.5)	(0.3)	–	–	–	–	(2.8)
Total derivative financial instruments	(3.0)	(0.3)	–	–	–	–	(3.3)

19.4 Fair value

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

	As at 1 April 2023		As at 2 April 2022	
	Carrying amount £m	**Fair value £m**	Carrying amount £m	Fair value £m
Financial assets not measured at fair value:				
Cash and cash equivalents	**64.4**	**64.4**	54.3	54.3
Financial assets at amortised cost:				
Trade and other receivables	**63.7**	**63.7**	65.7	65.7
Financial assets at fair value through profit or loss:				
Trade and other receivables	**4.2**	**4.2**	3.3	3.3
Derivative financial instruments				
– Forward foreign currency exchange contracts	**0.7**	**0.7**	0.1	0.1
– Commodity and energy derivatives	**0.1**	**0.1**	2.3	2.3
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments				
– Forward foreign currency exchange contracts	**(0.5)**	**(0.5)**	(0.3)	(0.3)
– Commodity and energy derivatives	**–**	**–**	–	–
Other financial liabilities at fair value through profit or loss:				
– Deferred contingent consideration (note 22)	**(8.2)**	**(8.2)**	–	–
Financial liabilities at amortised cost:				
Trade and other payables	**(248.3)**	**(248.3)**	(247.4)	(247.4)
Senior secured notes	**(330.0)**	**(297.8)**	(330.0)	(305.8)
Bank overdrafts	**(1.0)**	**(1.0)**	–	–

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

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

	As at 1 April 2023			As at 2 April 2022		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Financial assets at fair value through profit or loss:						
Trade and other receivables	–	1.8	2.4	–	–	–
Derivative financial instruments						
– Forward foreign currency exchange contracts	–	0.7	–	–	0.1	–
– Commodity and energy derivatives	–	0.1	–	–	2.3	–
Financial liabilities at fair value through profit or loss:						
Derivative financial instruments						
– Forward foreign currency exchange contracts	–	(0.5)	–	–	(0.3)	–
Other financial liabilities at fair value through profit or loss:						
– Deferred contingent consideration (note 22)	–	–	(8.2)	–	–	–
Financial liabilities at amortised cost:						
Senior secured notes	(297.8)	–	–	(305.8)	–	–

Fair value estimation

Derivatives

Forward exchange contracts are marked to market using prevailing market prices. Hedge accounting has not been applied to forward contracts and as a result the movement in the fair value of £0.4m has been credited to the statement of profit or loss in the period (2021/22: £2.2m credit).

Commodity derivatives are marked to market using prevailing prices and are also not designated for hedge accounting. As a result, the fair value movement of £2.2m has been debited to the statement of profit or loss (2021/22: £2.2m credit).

Short and long-term borrowings, loan notes and interest payable

Fair value is calculated based on discounted expected future principal and interest rate cash flows.

Trade and other receivables/payables

The carrying value of receivables/payables with a remaining life of less than one year is deemed to reflect the fair value given their short maturity. The fair values of non-current receivables/payables are also considered to be the same as the carrying value due to the size and nature of the balances involved.

Deferred contingent consideration

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

19.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, or sell assets to reduce debt.

The directors propose a final dividend of 1.44 pence per share for the period ended 2 April 2022 (2021/22: 1.2 pence).

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

19. Financial instruments CONTINUED

The gearing ratios at the balance sheet date were as follows:

	As at 1 April 2023 £m	As at 2 April 2022 £m
Total borrowings	**(338.7)**	(339.3)
Less cash and bank deposits	**64.4**	54.3
Net debt	**(274.3)**	(285.0)
Total equity	**(1,406.0)**	(1,506.9)
Total capital	**(1,680.3)**	(1,791.9)
Gearing ratio	**16%**	16%

Gearing is in line year-on-year.

Under the Group's financing arrangement, the Group is required to meet two covenant tests which are calculated and tested on a 12-month rolling basis at the half year and full year, each year. The Group has complied with these tests at 1 October 2022 and 1 April 2023.

19.6 Financial compliance risk

Risk

The Group operates with Net debt of £274.3m (2021/22: £285.0m) and is subject to operating within banking covenants set out in its refinancing agreement agreed with its banking syndicate, which include Net debt/EBITDA and EBITDA/interest covenant tests. 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 their funding to the Group. The banking covenants relate to the Group's revolving credit facility, which was undrawn at 1 April 2023 (2021/22: undrawn).

In addition to covenant compliance the Group must ensure that it manages its liquidity such that it has sufficient funds to meet its obligations as they fall due.

It also supports one defined benefit pension scheme in the UK, which consists of three sections of the RHM Pension Scheme. One of the three sections has significant technical funding deficits, which could have an adverse impact on the financial condition of the Group.

Mitigation

The Group has financing arrangements which provide funding until 2026.

The Group reviews its performance on an ongoing basis and formally tests and reports on covenant compliance to the Group's banking syndicate at each reporting date. In the event of a forecast covenant breach the Group would seek a covenant waiver or amendment from its banking syndicate.

The Group manages liquidity risk through the Treasury function. Cash flow forecasts are prepared and reviewed on a weekly basis, normally covering a period of three months. In addition, cash flow forecasts are prepared as part of the Group's overall budgeting and forecasting processes and performance is monitored against this each month.

The Group continues to monitor the pension risks closely, working with the trustee to ensure a collaborative approach.

20. Bank and other borrowings

	As at 1 April 2023 £m	As at 2 April 2022 £m
Current:		
Bank overdrafts	**(1.0)**	–
Lease liabilities	**(2.1)**	(2.1)
Total borrowings due within one year	**(3.1)**	(2.1)
Non-current:		
Transaction costs[1]	**5.6**	6.8
Senior secured notes	**(330.0)**	(330.0)
	(324.4)	(323.2)
Lease liabilities	**(11.2)**	(14.0)
Total borrowings due after more than one year	**(335.6)**	(337.2)
Total bank and other borrowings	**(338.7)**	(339.3)

1 Included in transaction costs is £1.7m (2021/22: £1.9m) relating to the revolving credit facility.

Secured senior credit facility – revolving

The RCF of £175m attracts a leverage-based margin of between 2.0% and 4.0% above SONIA. Banking covenants of net debt/EBITDA and EBITDA/interest are in place and are tested biannually.

The covenant package attached to the revolving credit facility is:

	Net debt/ EBITDA[1]	Net debt/ Interest[1]
2022/23 FY	3.50x	3.00x
2023/24 FY	3.50x	3.00x

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

During the period, the Group announced that it had extended the period of its revolving credit facility (RCF) by one year to May 2025 with the same lending group.

On 11 May 2023 the Group extended £148.5m of its revolving credit facility (RCF) by one year to May 2026. The covenant package attached to the RCF and tested bi-annually is unchanged. See note 30 for further details.

Senior secured notes

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

21. Provisions for liabilities and charges

	Property £m	Other £m	Total £m
At 3 April 2021	(8.2)	(6.4)	(14.6)
Utilised during the period	0.4	1.2	1.6
Additional charge in the period	(1.0)	–	(1.0)
Unwind of discount	0.9	–	0.9
Released during the period	–	2.5	2.5
At 2 April 2022	**(7.9)**	**(2.7)**	**(10.6)**
Addition through business combination (note 28)	**–**	**(2.5)**	**(2.5)**
Utilised during the period	**3.3**	**0.1**	**3.4**
Additional charge in the period	**(2.9)**	**(8.8)**	**(11.7)**
Unwind of discount	**1.1**	**–**	**1.1**
Released during the period	**0.2**	**0.2**	**0.4**
At 1 April 2023	**(6.2)**	**(13.7)**	**(19.9)**

During the period, as a result of the acquisition of The Spice Tailor, the Group recognised provisions of £2.5m, including £2.4m in relation to the fair value of contingent liabilities acquired as part of the business combination. See note 28 for further details.

Property provisions primarily relate to provisions for dilapidations against leasehold properties and environmental liabilities. These provisions have been discounted at rates between 3.43% and 3.84% (2021/22: 1.37% and 1.73%). The unwinding of the discount is charged or credited to the statement of profit or loss under net finance cost. Other provisions primarily relate to provisions for restructuring costs and legal matters.

The ageing of the provisions is below:

Ageing of total provisions:	As at 1 April 2023 £m	As at 2 April 2022 £m
Within one year	**(13.3)**	(2.3)
Between 2 and 5 years	**(4.9)**	(2.9)
After 5 years	**(1.7)**	(5.4)
Total	**(19.9)**	(10.6)

22. Other liabilities

	As at 1 April 2023 £m	As at 2 April 2022 £m
Deferred income	**(4.7)**	(5.7)
Deferred contingent consideration (note 28)	**(8.2)**	–
Other liabilities	**(12.9)**	(5.7)

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

23. Reserves and share capital

Share premium

The share premium reserve comprises the premium paid over the nominal value of shares for shares issued.

Merger reserve

The merger reserve comprises the non-statutory premium arising on shares issued as consideration for acquisition of subsidiaries where merger relief applies, less subsequent realised losses relating to those acquisitions.

Other reserves

Other reserves comprise the hedging reserve, which represents the effective portion of the gains or losses on derivative financial instruments that have historically been designated as hedges.

Retained earnings

Retained earnings represents the cumulative profit or loss and the own shares reserve which represents the cost of shares in Premier Foods plc, purchased in the market and held by the Employee Benefit Trust on behalf of the Company in order to satisfy options and awards under the Company's incentive schemes. 4,511,923 shares in Premier Foods plc were held by the Employee Benefit Trust at 1 April 2023, with a market value of £5.5m (2021/22: 2,989,069 shares with a market value of £3.5m).

Share capital

	Number of shares	Ordinary shares at nominal value (£0.10/share) £m	Share premium £m	Total £m
At 3 April 2021	855,126,805	85.5	0.6	86.1
Shares issued under share schemes	7,658,472	0.8	0.9	1.7
At 2 April 2022	**862,785,277**	**86.3**	**1.5**	**87.8**
Shares issued under share schemes	**5,312,933**	**0.5**	**1.0**	**1.5**
At 1 April 2023	**868,098,210**	**86.8**	**2.5**	**89.3**

Share award schemes

The Company's share award schemes are summarised as follows:

1. A Long-Term Incentive Plan ('LTIP') for executive directors and senior managers, approved by shareholders in 2011 and a 10 year LTIP approved by shareholders in 2021. The LTIP is comprised of performance shares whereby participants have the right to subscribe for ordinary shares at nil cost. These awards are equity-settled and have a maximum term of three years. The vesting of the 2020, 2021 and 2022 Performance Share awards are conditional on achievement of a combination of absolute adjusted earnings per share targets and relative TSR targets. The targets for 2020 and 2021 were based 1/3 absolute adjusted earnings per share targets and 2/3 relative TSR targets. The targets for 2022 were based ½ absolute adjusted earnings per share targets and ½ relative TSR targets. During the period the EPS and TSR elements of the 2019 LTIP vested in full. The EPS and TSR targets for the 2020 LTIP award have been achieved which will result in full vesting for the adjusted earnings per share targets and 80% vesting for the relative TSR targets in August 2023.
2. A Restricted Stock Plan ('RSP') which provides specific ad hoc share awards to managers. Awards are normally subject only to continued employment and may be equity-settled or cash-settled and normally have a retention term of two to three years for senior management.
3. A Share Incentive Plan ('SIP') for all employees. An award of free shares was made to all employees in 2014 by the Company under this HMRC tax-advantaged plan. Free shares are held by a trustee for a minimum of three years. Subject to continuing employment, participants may elect to remove shares from the trust after this three-year holding period, however, there are tax and National Insurance advantages for the employee should the shares be left in the trust for over five years. No further awards under this plan are currently anticipated.

4. A Deferred Bonus Plan ('DBP'). One third of any annual bonus payment awarded to executive directors is made in the form of shares. These shares are awarded under the terms of the DBP which was approved by shareholders in July 2017. Awards will normally be made within six weeks following the announcement of the Group's full year results in the form of nil cost options. The awards will normally vest on the third anniversary of grant and, if awarded in the form of nil cost options, will then be exercisable up until the tenth anniversary of grant.

Details of the share awards during the period are as follows:

At 1 April 2023, the maximum number of shares which could be awarded under the Group's Long-Term Incentive Plan schemes was 15,635,840 (2021/22: 16,995,294), of which 5,513,858 (2021/22: 4,309,124) had vested and were exercisable at the end of the period. During the period, conditional share awards were granted for 2,617,621 (2021/22: 2,389,841) shares and rights to 3,401,923 (2021/22: 3,862,637) shares lapsed or were forfeited.

At 1 April 2023, the maximum number of shares which could be awarded under the Group's Restricted Stock Plan schemes was 238,594 (2021/22: 248,907), of which 1,500 (2021/22: 1,500) had vested and were exercisable at the end of the period. During the period, awards were granted for nil shares (2021/22: 247,407) and rights to 10,313 (2021/22: nil) shares lapsed or were forfeited.

At 1 April 2023, the number of shares outstanding under the Group's Share Incentive Plan was 370,157 (2021/22: 426,157), of which 370,157 (2021/22: 426,157) were exercisable at the end of the period. During the period, no (2021/22: no awards) awards were granted and rights to 49,500 (2021/22: 80,456) shares were exercised.

At 1 April 2023, the number of shares outstanding under the Group's Deferred Bonus Plan schemes was 722,858 (2021/22: 674,752), of which 172,543 (2021/22: nil) had vested and were exercisable at the end of the period. During the period, awards were granted for 269,831 (2021/22: 282,377) shares and rights to nil (2021/22: 423,856) shares were transferred or sold.

Share option schemes

The Company's share option schemes are summarised as follows:

A Savings Related Share Option Scheme ('Sharesave Plan') for all employees. The employees involved in this HMRC tax-advantaged save as you earn scheme have the right to subscribe for up to 17.1 million ordinary shares. The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below. These options are equity-settled, have a maximum term of 3.5 years and generally vest only if employees remain in employment to the vesting date.

At 1 April 2023, the number of shares outstanding under the Group's Sharesave Plan was 10,971,128 with a weighted average exercise price at the date of exercise of 76p (2021/22: 13,779,775 shares, 56p), including 644,584 shares which had vested and were exercisable at the end of the period with a weighted average exercise price of 29p (2021/22: 574,680 shares, 31p). The options outstanding at the end of the period had a range of exercise prices from 29p to 85p (2021/22: 29p to 83p) and a weighted average life of 1.7 years (2021/22: 1.6 years).

During the period, options were granted under the Sharesave Plan for 3,296,113 shares with a weighted average exercise price at the date of exercise of 85p (2021/22: 3,296,388 shares, 83p). During the period options were exercised for 5,312,933 shares with a weighted average exercise price of 30p (2021/22: 4,158,472 shares, 31p) and options for 791,807 shares with a weighted average exercise price of 67p lapsed or were forfeited (2021/22: 943,835 shares, 50p).

The Group uses the Black-Scholes model to determine the fair value of share options at grant dates offered under the Sharesave plan. Fair values determined from the model use assumptions that are revised for each share-based payment arrangement.

The expected Premier Foods plc share price volatility was determined using an average for food producers as at the date of grant. Current dividend yield and risk-free rate determined from market yield curves for government gilts with outstanding terms equal to the average expected term to exercise for each relevant grant.

In 2022/23, the Group recognised an expense of £4.6m (2021/22: £3.4m), related to all equity-settled share-based payment transactions.

24. Dividends

The following dividends were declared and paid during the period:

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Ordinary final of 1.2 pence per ordinary share (2021/22: 1.0 pence)	**10.3**	8.5

After the balance sheet date, a final dividend for 2022/23 of 1.44 pence per qualifying ordinary share (2021/22: 1.2 pence) was proposed for approval at the Annual General Meeting on 20 July 2023 and will be payable on 28 July 2023. Dividend distributions are recognised as a liability in the period in which the dividends are approved by Group's shareholders.

25. Capital commitments

The Group has capital expenditure on property, plant and equipment contracted for at the end of the reporting period but not yet incurred at 1 April 2023 of £8.9m (2021/22: £5.7m).

26. Contingencies

There were no material contingent liabilities at 1 April 2023 (2021/22: none).

27. Related party transactions

The following transactions were carried out with related parties:

27.1 Key management compensation

Key management personnel of the Group are considered to be the executive and non-executive directors and the Executive Leadership Team. Details of their remuneration are set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in the audited section of the Directors' Remuneration Report on pages 90 to 114.

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Short-term employee benefits	**5.8**	5.5
Share-based payments	**3.9**	3.2
Total	**9.7**	8.7

27.2 Other related parties

As at 2 April 2022 the following are also considered to be related parties under the Listing Rules and IAS 24 due to their shareholdings exceeding 10% of the Group's total issued share capital:

- Nissin Foods Holding Co., Ltd. ('Nissin') is considered to be a related party by virtue of its 24.86% (2021/22: 19.06%) equity shareholding in Premier Foods plc and its right to appoint a member to the Board of directors.

Transactions with related parties

	53 weeks ended 1 April 2023 £m	53 weeks ended 2 April 2022 £m
Sale of services:		
– Nissin	**0.2**	0.2
Total sales	**0.2**	0.2
Purchase of goods:		
– Nissin	**26.1**	18.7
Total purchases	**26.1**	18.7

27.3 Retirement benefit obligations

As stated in note 14, the Group has entered into an arrangement with the Pension Scheme Trustees as part of the funding requirements for any actuarial deficit in the Scheme. Full details of this arrangement are set out in note 14 to these financial statements.

28. Acquisition of subsidiary

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

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

Recognised amounts of identifiable assets acquired and liabilities assumed	IFRS book value at acquisition £m	Fair value adjustments £m	Fair value £m
Property, plant & equipment	0.1	–	0.1
Brands and other intangible assets	–	20.5	20.5
Inventories	3.0	0.2	3.2
Trade and other receivables1	2.4	2.4	4.8
Trade and other payables	(3.4)	–	(3.4)
Provisions	(0.1)	(2.4)	(2.5)
Cash and cash equivalents	0.7	–	0.7
Deferred tax liability	–	(5.0)	(5.0)
Total identifiable net assets	**2.7**	**15.7**	**18.4**
Goodwill on acquisition			**34.3**
Initial consideration transferred in cash			44.5
Deferred contingent consideration			8.2
Total consideration			52.7

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

Identifiable net assets

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

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

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

Consideration transferred

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

The fair value of deferred contingent consideration represents the present value of estimate payments measured at the time of acquisition based on the Group's estimate of future performance. The fair value is based on unobservable inputs and is a classified as a level 3 fair value estimate under the IFRS fair value hierarchy. See note 19 for further details.

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

Goodwill

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

Spice Tailor contribution to the Group results

From the date of the acquisition to 1 April 2023, Spice Tailor contributed £10.0m to the Group's Revenues and a profit before taxation of £0.3m. Had the acquisition occurred on 3 April 2022, on a pro forma basis, the Group's Revenue for the period to 1 April 2023 would have been £1,013.4m and profit before taxation for the same period would have been £111.5m.

Notes to the consolidated financial statements
CONTINUED

29. Investments

In accordance with Section 409 of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, a full list of subsidiary undertakings, associate undertakings and joint operations (showing the country of incorporation, registered address and effective percentage of equity shares held) as at 1 April 2023 is disclosed below.

Company	% Held by Parent Company of the Group	% Held by Group companies, if different	Share Class	Country	Registered Address
Premier Foods Investments Limited	100%	100%	£1.00 Ordinary shares		Premier House
PFI No.1 Old Co Limited	100%	100%	£1.00 Ordinary shares	England &	Griffiths Way
Premier Foods Finance plc	0%	100%	£1.00 Ordinary shares	Wales	St Albans
Premier Foods Group Services Limited	0%	100%	£0.01 Ordinary shares		Hertfordshire
Premier Foods Group Limited	0%	100%	£0.25 Ordinary shares		AL1 2RE
Centura Foods Limited	0%	100%	£1.00 Ordinary shares		
Premier Foods (Holdings) Limited	0%	100%	£1.00 Ordinary shares		
H.L. Foods Limited	0%	100%	£1.00 Ordinary shares		
Hillsdown Europe Limited	0%	100%	£1.00 Ordinary shares		
CH Old Co Limited*	0%	100%	£1.00 Ordinary shares		
Hillsdown International Limited	0%	100%	£1.00 Ordinary shares		
RHM Frozen Foods Limited	0%	100%	£1.00 Ordinary shares		
Knighton Foods Limited	0%	100%	£1.00 Ordinary shares		
Knighton Foods Properties Limited	0%	100%	£1.00 Ordinary shares		

Company	% Held by Parent Company of the Group	% Held by Group companies, if different	Share Class	Country	Registered Address
The Spice Tailor Limited	0%	100%	£0.001 Ordinary shares £0.001 B shares £0.001 C shares £0.001 D shares		Premier House Griffiths Way St Albans Hertfordshire
The Spice Tailor (Direct) Limited	0%	100%	£0.01 Ordinary shares		AL1 2RE
W & J B Eastwood Limited**	0%	100%	£1.00 Ordinary A shares £1.00 Ordinary B shares		
Vic Hallam Holdings Limited**	0%	100%	£0.25 Ordinary shares	England &	
DFL Oldco Limited**	0%	100%	£1.00 redeemable cumulative	Wales	
F.M.C. (Meat) Limited**	0%	100%	preference shares		
Haywards Foods Limited**	0%	100%	£1.00 Ordinary shares		
RLP Old Co Limited**	0%	100%	£0.25 Ordinary shares		
Hillsdown Holdings Pension Trustees Limited*	0%	100%	£1.00 Ordinary shares		
Premier Foods Group Life Plan Trustees	0%	100%	£1.00 Ordinary shares		
Limited*	0%	100%	£1.00 Ordinary shares		
RHM Pension Trust Limited*	0%	100%	£1.00 Ordinary shares		
The Specialist Soup Company Limited**	0%	100%	£1.00 Ordinary shares		
James Robertson & Sons Limited**	0%	100%	£1.00 Ordinary shares		
00241018 Limited (formerly British Bakeries)**	0%	100%	£1.00 Ordinary shares		
Daltonmoor Limited**			£1.00 Ordinary shares		
PFF Old Co Limited**			£1.00 Ordinary shares		
RFB Old Co Limited**			£1.00 Ordinary shares		
PIFUK Old Co Limited	0%	100%	£1.00 Ordinary shares		
RH Oldco Limited*	0%	100%	£1.00 Ordinary shares		
Citadel Insurance Company Limited	0%	100%	£1.00 Ordinary Shares	Isle of Man	Ioma House Hope Street Douglas Isle of Man IM1 1AP

Company	% Held by Parent Company of the Group	% Held by Group companies, if different	Share Class	Country	Registered Address
Woolgate Nitrovit Limited**	0%	100%	£0.25 Ordinary shares	England & Wales	2 Woolgate Court St Benedicts Street Norwich Norfolk NR2 4AP
Diamond Foods Lebensmittelhandel GmbH	0%	100%	€0.5113 Ordinary shares	Germany	Gärtnerstraße 3, 25485 Hemdingen, Germany
Premier Brands Limited* Beatties Northern Limited (SC018898)**	0% 0%	100% 100%	£1.00 Ordinary shares £1.00 Ordinary shares	Scotland	Summit House 4-5 Mitchell Street Edinburgh Scotland EH6 7BD
Premier Foods, Inc.	0%	100%	US$0.01 Common Stock shares	United States	The Corporation Trust Company Corporation Trust Centre 1209 Orange Street, Wilmington DE 19801, USA
Premier Foods ROI Limited Premier Foods Ireland Manufacturing Limited*	0% 0%	100% 100%	€1.00 Ordinary shares €1.26 Ordinary shares	Ireland	25-28 North Wall Quay Dublin 1 Ireland
G P Woolgate Limited**	0%	100%	£1.00 Ordinary shares	England & Wales	PWC LLP, Benson House 33 Wellington Street, Leeds, LS1 4JP

*Dormant entities

**Restored companies

30. Subsequent events

On 11 May 2023 the Group extended £148.5m of its revolving credit facility (RCF) by one year to May 2026. The covenant package attached to the RCF is to be tested bi-annually and they are unchanged (see note 20 for details).

On 18 May 2023, the directors have proposed a final dividend for the period ended 1 April 2023 for approval at the Annual General Meeting. See note 24 for more details.

Company balance sheet

	Note	As at 1 April 2023 £m	As at 2 April 2022 £m
Non-current assets			
Investments in Group undertakings	4	**1,117.8**	1,114.8
Trade and other receivables	5	**49.5**	17.0
Deferred tax assets[1]	6	**1.5**	1.3
		1,168.8	1,133.1
Current assets			
Trade and other receivables	5	**12.5**	10.7
Cash and cash equivalents		**0.2**	1.2
Total assets		**1,181.5**	1,145.0
Trade and other creditors	7	**(3.1)**	(1.4)
Net current assets		**9.6**	10.5
Total assets less current liabilities		**1,178.4**	1,143.6
Net assets		**1,178.4**	1,143.6
Equity			
Called up share capital	8	**86.8**	86.3
Share premium account		**2.5**	1.5
Retained earnings[2]		**1,089.1**	1,055.8
Total equity		**1,178.4**	1,143.6

1 The prior year deferred tax asset has been re-presented from Current to Non-current in line with IAS 1.

2 The company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. During the period, the company made a profit of £41.6m (2021/22: £1.0m loss).

The notes on pages 174 to 177 form an integral part of the financial statements.

The financial statements on pages 172 to 177 were approved by the Board of directors on 18 May 2023 and signed on its behalf by:

Alex Whitehouse
Chief Executive Officer

Duncan Leggett
Chief Financial Officer

Company statement of changes in equity

	Called up share capital £m	Share premium account £m	Retained earnings £m	Total £m
At 4 April 2021	85.5	0.6	1,062.1	1,148.2
Loss for the period	–	–	(1.0)	(1.0)
Share-based payments	–	–	3.4	3.4
Purchase of shares to satisfy share awards	–	–	(0.4)	(0.4)
Shares issued	0.8	0.9	–	1.7
Dividends	–	–	(8.5)	(8.5)
Deferred tax movements on share-based payments	–	–	0.2	0.2
At 2 April 2022	**86.3**	**1.5**	**1,055.8**	**1,143.6**
At 3 April 2022	**86.3**	**1.5**	**1,055.8**	**1,143.6**
Profit for the period	**–**	**–**	**41.6**	**41.6**
Share-based payments	**–**	**–**	**4.6**	**4.6**
Purchase of shares to satisfy share awards	**–**	**–**	**(2.5)**	**(2.5)**
Shares issued	**0.5**	**1.0**	**–**	**1.5**
Dividends	**–**	**–**	**(10.3)**	**(10.3)**
Deferred tax movements on share-based payments	**–**	**–**	**(0.1)**	**(0.1)**
At 1 April 2023	**86.8**	**2.5**	**1,089.1**	**1,178.4**

The Company has considered the profits available for distribution to shareholders. At 1 April 2023, the Company had retained earnings of £1.1bn (2021/22: £1.1bn) of which the unrealised profit element was £0.5bn (2021/22: £0.5bn). The Company had profits available for distribution of £0.6bn (2021/22: £0.6bn) for the payment of dividends or purchases of own shares. Determining the Company's reserves available for distribution is complex and requires, in some instances, the application of judgement. The Company has determined what is realised and unrealised in accordance with the Companies Act 2006 and the guidance included in ICAEW Technical Release TECH 02/17BL 'Guidance on realised and distributable profits under the Companies Act 2006'. The Company's reserves available for distribution include adjustments to retained earnings in respect of the unrealised portion of dividends in specie received by the Company, profit on intercompany interest received from subsidiaries, post employment benefit surpluses and share-based payment charges capitalised to investments.

The notes on pages 174 to 177 form an integral part of the financial statements.

Notes to the Company financial statements

1. Accounting policies

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

- Cash flow statements and related notes
- Presentation of comparative period reconciliations
- Share-based payments
- Financial instruments and capital management
- Standards not yet effective
- Disclosures in respect of compensation of key management personnel
- Certain disclosures regarding revenue
- Certain disclosures regarding leases

The profit for the period of £41.6m (2021/22: £1.0m loss) is recorded in the accounts of Premier Foods plc, which includes dividend income of £45.0m (2021/22: £nil).

The Company has ensured that its assets and liabilities are measured in compliance with FRS 101. The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The directors consider that the accounting policies set out below are the most appropriate and have been consistently applied.

The Company is exempt as permitted under Financial Reporting Standard 101 from disclosing related party transactions with entities that are wholly owned subsidiaries of the Premier Foods plc Group.

Investments

Investments are stated at cost less any provision for impairment in their value.

Impairment of non-financial assets (including investments)

The carrying amounts of the Company's non-financial assets, including investments in subsidiaries, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss in the period in which they occur.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Share-based payments

The Company operates a number of equity-settled share-based compensation plans. The fair value of employee share option plans is calculated using an option valuation model, taking into account the terms and conditions upon which the awards were granted. In accordance with International Financial Reporting Standard 2, Share-Based Payment ('IFRS 2'), the resulting expense is charged to the profit and loss account over the vesting period of the options for employees employed by the Parent Company, or treated as an investment in subsidiaries in respect of employees employed by the subsidiaries where the expense is recharged. The value of the charge is adjusted to reflect expected and actual levels of options vesting.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards/options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of share awards/options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of share awards/options that are expected to vest and recognises the impact of the revision to original estimates, if any, in profit and loss or investment in subsidiaries, with a corresponding adjustment to equity.

Dividends

Dividend distributions to shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the shareholders, and for interim dividends in the period in which they are paid. Dividend distributions are recognised as a liability in the period in which the dividends are approved by Company's shareholders.

2. Significant estimate

Investment in Group undertakings

Impairment reviews in respect of investments in Group undertakings are performed at least annually and more regularly if there is an indicator of impairment. The carrying amounts of the Company's non-financial assets, including investments in subsidiaries, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The key assumptions used in the impairment test which include long-term growth rates and discount rates are the same as that used for the Grocery CGU described further in note 12 of the consolidated financial statements.

3. Operating profit/(loss)

Audit fees in respect of the Company are £nil (2021/22: £nil). Note 5.2 of the consolidated financial statements provides details of the remuneration of the Company's auditor on a Group basis.

At 1 April 2023, the Company had two employees (2021/22: two). Directors' emolument disclosures are provided in the Single Figure Table on page 101 of this annual report.

4. Investments in Group undertakings

	2022/23 £m	2021/22 £m
Cost		
At 3 April 2022/4 April 2021	**2,874.1**	2,871.8
Additions	**3.0**	2.3
At 1 April 2023/2 April 2022	**2,877.1**	2,874.1
Accumulated impairment		
At 3 April 2022/4 April 2021	**(1,759.3)**	(1,759.3)
At 1 April 2023/2 April 2022	**(1,759.3)**	(1,759.3)
NBV at 1 April 2023/2 April 2022	**1,117.8**	1,114.8

In 2022/23 a capital contribution of £3.0m (2021/22: £2.3m) was given in the form of share incentive awards to employees of subsidiary companies which were reflected as an increase in investments.

During 2021/22 as part of a Group-wide reorganisation, the Company's direct subsidiary, Premier Foods Investment No.1 Limited transferred its investment in Premier Foods Investment Limited to the Company. Following the transfer the Company allocated the value from Premier Foods Investment No.1 Limited to Premier Foods Investment Limited. There was no change to the value of investments held by the Company as a result of this transaction.

Refer to note 29 of the consolidated financial statements for a full list of the undertakings.

4. Investments in Group undertakings CONTINUED

Impairment testing for the period ended 1 April 2023 has identified that the value in use of the investment in Premier Foods Investments Limited of £1.8bn is sensitive to reasonably possible changes in assumptions as set out in the table below.

The key assumptions used in the impairment test which include long-term growth rates and discount rates are the same as that used for the Grocery CGU described further in note 12 of the consolidated financial statements. An illustration of the reasonably possible changes in key assumptions in the impairment test for the investment in Premier Foods Investments Limited are as follows:

	Reasonably possible change in assumption	Impact on headroom
Revenue growth	Increase/decrease by 3.0%	Increase/decrease by £413.1m/£370.5m
Divisional contribution margin	Increase/decrease by 2.0%	Increase/decrease by £283.0m
Long-term growth rate	Increase/decrease by 0.5%	Increase/decrease by £93.6m/£82.4m
Discount rate	Increase/decrease by 0.5%	Decrease/increase by £107.0m/£121.4m

Under each of the above sensitivities no individual scenarios would trigger an impairment for the Group CGU. Under a combination of reasonably possible scenarios and taking into account mitigating actions, no impairment would be triggered.

5. Debtors

Amounts due after less than one year	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed by Group undertakings	**12.5**	10.7
IFRS 9 ECL provision	**(0.0)**	(0.0)
Total debtors	**12.5**	10.7

The amounts owed by Group undertakings are repayable on demand, unsecured and interest free.

Amounts due after more than one year	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed by Group undertakings	**49.6**	17.1
IFRS 9 ECL provision	**(0.1)**	(0.1)
Total debtors	**49.5**	17.0

The amounts owed by Group undertakings are repayable on demand, unsecured and interest free. However, there is no intent or expectation to settle within 12 months.

6. Deferred tax

	2022/23 £m	2021/22 £m
At 3 April 2022/4 April 2021	**1.3**	0.8
Credited to the statement of profit and loss	**0.3**	0.3
(Charged) / Credited to equity	**(0.1)**	0.2
At 1 April 2023/2 April 2022	**1.5**	1.3

The deferred tax asset relates to share-based payments.

7. Creditors: amounts falling due within one year

	As at 1 April 2023 £m	As at 2 April 2022 £m
Amounts owed to Group undertakings	**(2.3)**	–
Other payables	**(0.8)**	(1.4)
Total creditors	**(3.1)**	(1.4)

The amounts owed to Group undertakings are repayable on demand, unsecured and interest free.

The losses surrendered as Group Relief between UK members of the Group have been surrendered for no consideration.

8. Called up share capital and other reserves

a) Called up share capital

	As at 1 April 2023 £m	As at 2 April 2022 £m
Authorised, issued and fully paid		
868,098,210 (2021/22: 862,785,277) ordinary shares of 10 pence each	**86.8**	86.3

All of the ordinary shares rank equally with respect to voting rights and the rights to receive dividends and distributions on a winding up.

b) Share-based payments

The costs reflect the Company's share option schemes in operation. Further details are available in note 23 of the consolidated financial statements.

The charge relating to employees of the Company amounted to £1.6m (2021/22: £1.1m). Further details of these schemes can be found in the Directors' Remuneration Report on page 90 to 114.

9. Dividends

The following dividends were declared and paid during the period:

	52 weeks ended 1 April 2023 £m	52 weeks ended 2 April 2022 £m
Ordinary final of 1.2 pence per ordinary share (2021/22: 1.0 pence)	**10.3**	8.5

On 18 May 2023, the directors have proposed a final dividend of 1.44p per share for the period ended 1 April 2023 subject to the ratification at the AGM by the shareholders. Dividend distributions are recognised as a liability in the period in which the dividends are approved by Company's shareholders.

10. Subsequent events

On 11 May 2023 the Group extended £148.5m of its revolving credit facility (RCF) by one year to May 2026. The covenant package attached to the RCF is to be tested bi-annually and they are unchanged (see note 20 of the consolidated financial statements for details).

On 18 May 2023, the directors have proposed a final dividend for the period ended 1 April 2023 for approval at the Annual General Meeting. See note 24 of the consolidated financial statements for more details.

Enriching Life Plan disclosure tables

We will annually disclose information to demonstrate our progress against our Enriching Life Plan, and other key Environmental, Social and Governance measures.

All targets are for 2030 against a 2020 baseline, unless otherwise stated. Several of these measures are newly developed and will evolve with improvements in available data and information from suppliers and other parties. In some areas, information from prior years may be updated if better information, subsequently, becomes available and changes prior year disclosures by more than 5%, or where it makes a meaningful difference to the interpretation of performance. More information is available in the accompanying notes following the tables.

Independent assurance

Pricewaterhouse Coopers LLP ('PwC') have performed an Independent Limited Assurance engagement on selected balances within the 2022/23 data, shown with the symbol Ⓐ, in accordance with the International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' and International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The Independent Limited Assurance Report can be found at www.premierfoods.co.uk/SpecialPages/ESG-Disclosure-Assurance-Report. Our Methodology Statement – the basis on which the KPIs are calculated and on which the limited assurance is given - can be found at www.premierfoods.co.uk/CorporateSite/media/documents/sustainability/Premier-Foods-reporting-criteria-for-specified-ESG-performance-metrics-2022-23.pdf.

Our Products

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Make great-tasting, healthier and more nutritious food					
More than double sales of products that meet high nutritional standards	Total company branded sales, in £m, of foods scoring less than 4, and drinks scoring less than 1, on the UK Department of Health's Nutrient Profiling Model.	www.gov.uk/government/publications/the-nutrient-profiling-model	£320m	£286m	£335m Ⓐ
More than 50% of our products will provide additional health or nutrition benefits	Proportion of products with a health or nutrition benefit	Defined as products that qualify for a regulated health or nutritional claim calculated at a Stock Keeping Unit (SKU) level.	38%	40%	43%
Support the nation's shift to plant-based diets					
Grow sales of plant-based products to £250m. p.a.	Value of sales of plant-based products	Total company branded sales, in £m of products made to a vegan recipe. They do not, by design, contain meat, dairy, eggs or other animal products, and all principal ingredients are plant based.	£157m	£149m	£199m
Each core category has plant-based offering [1]	Number of core categories with a plant-based/meat or dairy free offering	Core categories are those strategic growth categories where our product ranges constitute at least 10% of the revenue of total category. 2020/21 and 2021/22 data restated. See footnote 1.	53% (8/15)	60% (9/15)	80% (12/15)
Reduce the environmental impact of our packaging					
100% of packaging to be reusable, recyclable or compostable by 2025[2]	Percentage of total packaging (by weight), which meets the On-Pack Recycling Labelling Scheme (OPRL) Recycled Categories	Primary, secondary and tertiary packaging, which is recyclable either at kerbside, recycling points or front of store using latest OPRL definitions. Based on tonnage. www.oprl.org.uk/	94%	96%	96%
	Percentage of plastic packaging (by weight), which meets the On-Pack Recycling Labelling Scheme (OPRL) Recycled Categories	Percentage of plastic consumer packaging, which is recyclable either at kerbside, recycling points or front of store using latest OPRL definitions. Based on tonnage.	70%	80%	82%
	Total packaging weight (tonnes)		76,025	67,273	56,806
Reduce carbon impact of our packaging in line with our agreed climate commitments		Our target to reduce the carbon impact of our packaging has been incorporated into our scope 3 reporting.			

1 We have reviewed the definition of core categories and 2020/21 and 2021/22 data has been restated.

2 Packaging data covers branded and own brand packaging from the prior calendar year to align with the UK Plastics Pact reporting requirements.

Our Planet

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Take action on climate change					
Develop validated science-based targets aligned with 'Business Ambition for 1.5'	Targets submitted to, and approved by, the Science Based Targets initiative (SBTi)	Premier Foods commits to reduce absolute scope 1 and 2 GHG emissions 66.8% by FY2030 from a FY2021 base year. Premier Foods also commits to reduce absolute scope 3 GHG emissions from purchased goods and services 25% within the same timeframe.			Validated by the SBTI in May 2023
Reduce scope 1 and 2 emissions by 67% by 2030 and achieve net zero by 2040 [3]	Scope 1 Greenhouse Gas Emissions (tCO_2e)		39,113	37,621	36,668 Ⓐ
	Scope 2 Greenhouse Gas Emissions – location based (tCO_2e) [3]		21,247	18,567	15,081 Ⓐ
	Scope 2 Greenhouse Gas Emissions – net market based (tCO_2e) [3]	We have strengthened our target for the full adoption of renewable electricity by 2030 and developed a new strategy to ensure a sustainable transition. We have purchased renewable electricity in the form of Renewable Energy Guarantees of Origin certificates, but are reducing our reliance on short-term market mechanisms as we focus on investments in on-site generation and Power Purchase Agreements to drive the development of new infrastructure. 2020/21 and 2021/22 data restated. See footnote 3.	33,801	227	28,961
	Total Scope 1 & 2 Greenhouse Gas Emissions – location based (tCO_2e) [3]		60,359	56,188	51,749 Ⓐ
	Reduction in Scope 1 & 2 Emissions since 2020/21 – location based (%) [3]			(6.9%)	(14.3%)
	Total Scope 1 & 2 emissions net market based (tCO_2e) [3]		72,913	37,848	65,629
	Reduction in Scope 1 & 2 Emissions since 2020/21 – net market based (%) [3]			(48.1%)	(10.0%)
	Overall Scope 1 & 2 intensity (g of CO_2 e per KG of produced product) – gross location based [3]	Improvements made in total emissions, although reduction not in line with reduced volumes due to product mix and non-volume-related energy usage.	164.0	168.6	169.4
	Overall Scope 1 & 2 intensity (g of CO_2 e per KG of produced product) – net market based [3]	Improvements made in energy usage, although reduction not in line with reduced volumes due to product mix and non-volume-related energy usage.	198.1	113.6	214.9
	Total Energy Usage (MWh) Energy use ratio (MWh/tonnes)	This is the energy consumption underlying the scope 1 Greenhouse Gas emissions and scope 2 Greenhouse Gas emissions – location based, using the same activity data (excluding fugitive emissions data).	286,883 0.78	275,577 0.83	259,555 Ⓐ 0.85
Reduce scope 3 emissions by 25% by 2030 and target net zero by 2050	Total Scope 3 Greenhouse Gas emissions (tCO_2e) [4]	Reported using the GHG Protocol https://ghgprotocol.org/ 2020/21 and 2021/22 data restated. See footnote 4.	918,926	983,117	905,495
	Purchased goods and services (tCO_2e) Upstream transport and distribution (tCO_2e) Downstream transport and distribution (tCO_2e) Other relevant scope 3 emissions (tCO_2e) [4]				807,319 34,960 6,930 56,286
	Carbon Disclosure Project (CDP) Climate Change Benchmark	www.cdp.net/en	F	D	C

Enriching Life Plan disclosure tables

CONTINUED

Our Planet

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Protect our natural resources					
Deforestation free and conversion free palm and beef supply chain by 2025 [5]	Proportion of palm purchased that is RSPO certified	rspo.org/	100%	100%	100%
	Percentage of palm products directly purchased which are RSPO certified (segregated supply)		57%	54%	67%
	Percentage of palm directly purchased which is RSPO certified (mass balance)		43%	46%	33%
	Carbon Disclosure Project (CDP) Forest Benchmark - Palm	www.cdp.net/en		C	C
	Percentage of beef products directly and indirectly purchased which are from low risk origins or certified deforestation free		86%	90%	93%
	Carbon Disclosure Project (CDP) Forest Benchmark Cattle Products	www.cdp.net/en		D	D
Deforestation free and conversion free across supply chain by 2030 [5]	Percentage of soy products directly purchased which are from a low risk origin or certified	responsiblesoy.org/	100%	100%	100%
	Percentage of soy sourced through certified credit schemes where purchased as part of an ingredient	We are in the process of purchasing certified credits to cover 100% of the soy used within our ingredients in 2022/23.	100%	100%	100%
	Percentage of soy sourced through certified credit schemes where used as feed in animal farming for products in our supply chain.		100%	100%	100%
	Percentage of paper and board purchased directly which are from low risk origins or PEFC or FSC certified		100%	100%	100%
	Percentage of sugar purchased directly which are from areas of low risk origin or are deforestation free certified		93%	89%	96%
	Percentage of cocoa powder and chocolate directly purchased, which is mass balance certified or verified [6]	With the adoption of Rain Forest Alliance certification for all directly purchased cocoa powder and chocolate, we expect this percentage to be close to 100% by the end of 2023.			47%
	Carbon Disclosure Project (CDP) Forest Benchmark Soy Products	www.cdp.net/en		D	C
Champion regenerative agricultural practices for key ingredients	Percentage of key suppliers in critical ingredients categories supporting sustainable agricultural practices and initiatives[6, 7]	Critical categories include dairy, wheat and flour, sugar beet and cane, potato, apple, tomato, maize, rice, oils and onion.			23%

Our Planet

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Reduce waste across our value chain					
Halve our food waste [8]	Total food waste (tonnes)	Using Champions 12.3 methodology	8,012	7,609	6,803
	Reduction versus 2017 [8]			(5.0%)	(15.1%)
	Total food waste (%age of production) [8]		2.4%	2.2%	2.1%
	Reduction versus 2017 [8]			(7.5%)	(12.5%)
Support our suppliers in halving their food waste	Percentage of key ingredients and finished goods suppliers with targets aligned to halving food waste by 2030 [6,7]	Suppliers with no material impact on food waste (i.e. packaging) are excluded from this measure.			35%
Make better use of any food waste we do generate and redistribute 750t for human consumption	Food waste redistributed for human consumption (tonnes)	Food redistributed to organisations that make it available for human consumption.	306	750	1,554
Use the strength of our brands to engage shoppers and consumers to reduce food waste in the home		Number of brand-led initiatives to encourage shoppers and consumers to reduce food waste in the home.		1	2
Other key environmental and supply chain measures					
	Total production (tonnes)		367,992	333,260	305,449
	Total water withdrawn (m^3)	All incoming water including abstraction (groundwater and surface water) and mains derived.	776,026	720,749	708,774
	Water usage ratio for produced volume (m^3/tonne)		2.11	2.16	2.32
	Carbon Disclosure Project (CDP) Water Benchmark	www.cdp.net/en		D	C
	Number of operational sites with ISO 14001 certification		8/8	9/9	9/9

3 All disclosures follow the Greenhouse Gas protocol and the reporting criteria used can be found on our website www.premierfoods.co.uk/CorporateSite/media/documents/sustainability/Premier-Foods-reporting-criteria-for-specified-ESG-performance-metrics-2022-23.pdf . Based on improved usage data and emissions factors from suppliers we have updated our Scope 2 Greenhouse Gas emissions – net market based data in both stated prior years.

4 2022/23 Scope 3 emissions data covers the 2022 calendar year. Includes: capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, and the end-of-life treatment of sold products (packaging). The approach for calculating the emissions associated with ingredients, purchased finished goods, transport and packaging have all been strengthened and prior year data has been restated. Premier Food purchased *The Spice Tailor* in summer 2022. Activity associated with *The Spice Tailor* products is not included in the 2022/23 scope 3 emissions data. It will be included in future disclosures.

5 Our targets for zero deforestation and conversion-free supply chain have been updated to deforestation free and conversion-free supply chain to align with more widely used definitions.

6 New measure and data is not available for prior years.

7 Key suppliers are our 64 most impactful suppliers based on greenhouse gas emissions and other environmental impacts.

8 Food waste reporting is aligned with the Champions 12.3 and UK Food Reduction Roadmap and, therefore, covers prior calendar year. Baseline year is 2017.

Enriching Life Plan disclosure tables

CONTINUED

Our People

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Create a diverse, healthy and inclusive culture					
Gender balance in our senior leadership team [9]	Percentage of senior management roles which are held by females	Senior management is considered to be our Executive Leadership Team and their direct reports.	28.0%	37.0%	40.4% Ⓐ
	Percentage of general management roles which are held by females	General management roles are all graded roles (grades 0-5; these employees all have access to the Management Bonus Scheme)	43.5%	46.0%	46.9% Ⓐ
	Percentage of total colleagues that are females		36.7%	37.3%	36.7%
	Mean gender pay gap (hourly)	www.premierfoods.co.uk/CorporateSite/media/documents/sustainability/behaviour%20policies/Gender-Pay-Gap-2022.pdf	8.4%	6.8%	5.6%
	Mean gender pay gap (bonus)	Our hourly pay position has improved, although bonus gap is a result of the number of males we have in senior roles.	37.8%	13.6%	40.5%
Our Diversity will reflect regional demographics	Percentage of employees who are non-white vs national average.	Compared against a UK working population of people from a non-white backgrounds of 12.5%, according to the McGregor-Smith Review 2017.	10.6%	14.4%	14.2%
	Percentage of employees who are self identifying as LGBTQ+ vs national average.	Compared against figures from the Office of National Statistics 2017 stating that 4.6% of the UK population reports to be part of the LGBTQ+ community.		4.2%	4.8%
All sites will achieve platinum level Health & Well-being accreditation	Number of sites achieving an external Health & Well-being accreditation	Accreditation programme started in 2022/23 with phased roll-out over the coming years.			2

Our People

Commitment	Measure	Comments	Baseline (2020/21 unless otherwise stated)	2021/22	2022/23
Be a leading developer of people in the Food & Drink industry					
We will provide skills programmes and work opportunities for the young and excluded groups to enable a fulfilling career in the Food Industry	Number of apprenticeships	Total number of employees participating in an apprenticeship programme.	87	78	94
	Number of partnerships with groups who can help us support the young and excluded groups into employment	Number of partnerships with local schools, colleges, charities or social enterprises developing employability skills	2	2	5
Support employees to develop key skills with 75% of science, technology, engineering and maths (STEM) vacancies filled by internal candidates	Percentage of STEM vacancies filled by internal candidates	Percentage of all roles that require STEM skills, which are filled by internal candidates, apart from first entry level.		30%	39%
	Number of T-level placements	First T-level placements started in autumn 2022.			2
	Number of STEM apprenticeships	Number of apprenticeships in roles requiring STEM skills.	43	37	47
80% of colleagues will feel they have opportunity to develop and grow	Percentage of colleagues stating that they feel they have opportunities to develop and grow	Results from biannual colleague survey, next due in 2024.		53%	n/a
Other key employee measures					
	Lost time accidents (LTA) per 100,000 hours worked		0.10	0.16	0.14
	RIDDOR (reporting of Injuries, diseases and dangerous occurrences regulations) per 100,000 hours worked		0.02	0.12	0.09
Be a caring community partner					
We will provide 1 million meals equivalent each year to those in food poverty	Number of meals provided to charities	Data includes direct product and financial donations. [10]	593,859	616,772	726,530
Be more of a force for good in our communities by volunteering at least 1,000 colleague days each year	Number of days volunteered by colleagues to charities or registered good causes	1 day is at least 8 hours of employee time from their paid hours. [6]		212	270
	Total Community Investment contribution value (in £000)	Includes all direct and leveraged contributions, including financial, in-kind, donations and volunteering.	£841.2	£901.5	£1,239.5

9 Senior management is considered to be our Executive Leadership Team and their direct reports. We would like to reach a position where females make up between 45% and 55% reflecting that it is a relatively small team and, therefore, percentage measures can be impacted by short-term fluctuations in individual roles. This approach also recognises that some individuals do not identify with traditional binary gender definitions.

10 Data includes direct product and financial donations to programmes supporting food redistribution to those in food poverty and food insecurity. 1 meal = 420g for product donations, as per guidance from WRAP, and £0.25 for financial donations, as per guidance from FareShare.

Additional information

Shareholder enquiries

The Company's Register of Members is maintained by our registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using the details given below:

Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA.

Telephone – 0371 384 2030 (or +44 371 384 2030), if calling from outside the UK). Calls to this number are charged at a national rate. Lines are open 8.30 am to 5.30 pm Monday to Friday, excluding UK public holidays.

Or visit Equiniti's Shareview website: www.shareview.co.uk

Company advisors

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Joint corporate brokers

Jefferies International
100 Bishopsgate
London EC2N 4JL

Peel Hunt LLP
100 Liverpool Street
London EC2M 2AT

Shore Capital
Cassini House
57 St James's Street
London SW1A 1LD

Financial PR advisers

Headland
Cannon Green
27 Bush Lane
London EC4R 0AA

Trade marks

The Company's trade marks are shown in italics throughout this annual report. The Company has an exclusive worldwide licence to use the *Loyd Grossman* name on certain products. The Company has an exclusive licence to use the *Cadbury* trademark in the UK (and a non-exclusive licence for use in other specified territories) on a variety of ambient cake products. *Cadbury* is a trade mark of the Mondelēz International Group. Cup Noodles and Soba noodles are trademarks of Nissin Foods Holding Co., Limited ('Nissin'), who is the Company's largest shareholder. The Company has entered into a co-operation agreement with Nissin to market and distribute certain Cup Noodles and Soba noodles products in the UK and certain other jurisdictions.

Cautionary Statement

The purpose of this annual report is to provide information to shareholders of Premier Foods plc ('the Company'). The Company, its directors, employees and advisors do not accept or assume responsibility to any other person to whom this document is shown, or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. It contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of the Company. These statements and forecasts involve risk and uncertainty, because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this annual report should be construed as a profit forecast.

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Consultancy, design and production by:
jonesandpalmer.co.uk

Premier Foods plc
Premier House
Centrium Business Park
Griffiths Way
St Albans
Hertfordshire
AL1 2RE

01727 815850

www.premierfoods.co.uk

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